

50 IAC 4.3

Personal Property Rule

Effective March 1, 2002

Prepared by

Department of
Local
Government
Finance



Table of Contents

Rule 1. Administration; Procedure; Applicability.....	1
Rule 2. Filing Requirements.....	5
Rule 3. Review and Appeal Procedures.....	13
Rule 4. Valuation of Depreciable Tangible Personal Property.....	16
Rule 5. Valuation of Inventory.....	27
Rule 6. Valuation of Other Tangible Personal Property.....	34
Rule 7. Other.....	36
Rule 8. Valuation of Leased Personal Property.....	38
Rule 9. Obsolescence.....	42
Rule 10. Interstate Carriers.....	44
Rule 11. Deductions and Exemptions for Tangible Personal Property Other than Inventory.....	46
Rule 12. Deductions; Exemptions; Credits for Inventory.....	47
Rule 13. Principal Business Activity Codes.....	51
Rule 14. Prescribed Methods of Valuation; Specific Types of Property.....	66
Rule 15. Severability.....	67

TITLE 50 STATE BOARD OF TAX COMMISSIONERS

Final Rule LSA Document #00-284(F)

DIGEST

Adds 50 IAC 4.3 for the assessment of tangible personal property. Repeals 50 IAC 4.2-1, 50 IAC 4.2-2, 50 IAC 4.2-3-1, 50 IAC 4.2-3-2, 50 IAC 4.2-3-3, 50 IAC 4.2-4, 50 IAC 4.2-5, 50 IAC 4.2-6, 50 IAC 4.2-8, 50 IAC 4.2-9, 50 IAC 4.2-10, 50 IAC 4.2-11, 50 IAC 4.2-12, 50 IAC 4.2-14, 50 IAC 4.2-15, and 50 IAC 4.2-16. Partially effective 30 days after filing with the secretary of state and partially effective March 1, 2002.

SECTION 1. 50 IAC 4.3 IS ADDED TO READ AS FOLLOWS:

ARTICLE 4.3. ASSESSMENT OF TANGIBLE PERSONAL PROPERTY

Rule 1. Administration; Procedure; Applicability

50 IAC 4.3-1-1 Primary definitions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1; IC 6-1.1-7; IC 6-1.1-8; IC 6-1.1-22-9; IC 6-6-5; IC 6-6-5.5

Sec. 1. The following definitions apply throughout this article:

- (1) "Assessed value" means an amount equal to one hundred percent (100%) of the true tax value of property as defined in subdivision (16).
- (2) "Assessment date" means March 1.
- (3) "Construction in process" means tangible personal property not placed in service. It includes tangible personal property that has not been depreciated and is not yet eligible for federal income tax depreciation. It does not include inventory, leased property, or returnable containers.
- (4) "Critical spare parts" means replacement parts that are not intended to ever be used. These parts are not readily available and the owner's books and records must reflect that they are not used in any type of regular rotation as repair parts and are in fact replacement parts only used under extraordinary circumstances.
- (5) "Depreciable personal property" means all tangible personal property as defined in subdivision (11), that is used in a trade or business, used for the production of income or held as an investment that should be or is subject to depreciation for federal income tax purposes, except to the extent that property is treated otherwise in this article.
- (6) "Filing date" means May 15 following the assessment date, unless an extension of time to file is obtained under IC 6-1.1-3-7(b). If the filing date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the next succeeding business day that is not a Saturday, Sunday, or federal or state holiday becomes the filing date.
- (7) "Inventory" means the following:
 - (A) Property defined under IC 6-1.1-3-11, and includes the aggregate of those elements of cost incurred to acquire or produce items of tangible personal property as defined in subdivision (11), that are:
 - (i) held for sale in the ordinary course of business;
 - (ii) currently in the process of production for subsequent sale;
 - (iii) ultimately to be consumed in the production of the goods or services to be available for sale;
 - (iv) used in marketing or distribution activities; or
 - (v) critical spare parts.
 - (B) The term includes the following:
 - (i) Goods or commodities awaiting sale, which include, but are not limited to, the following:
 - (AA) The merchandise of a retail or wholesale concern.
 - (BB) The finished goods of a manufacturer.

(CC) Commodities from farms, mines, and quarries.

(DD) Goods that are used or trade-in merchandise and byproducts of a manufacturer.

(ii) Goods or commodities that are in the course of production at the Indiana location, that is, items needing further processing to be considered finished or ready for shipment.

(iii) Goods that will be consumed or used in either the Indiana manufacturing process or in any other manner by the taxpayer, directly or indirectly. This category would include, but not be limited to, the following:

(AA) Raw materials.

(BB) Supplies.

(CC) Repair parts.

(DD) Critical spare parts.

(EE) Expendable tools.

(FF) Samples.

(C) To the extent that critical spare parts are depreciated for federal tax purposes, they shall be treated as depreciable tangible personal property subject to 50 IAC 4.3-4.

(8) "Mobile vehicles" means vehicles assessed as depreciable personal property and not subject to excise tax that, by the nature of their existence, may not be located in the state on the assessment date.

(9) "Nonsubstantial compliance" means a tax return that:

(A) omits five percent (5%) or more of the cost per books of the tangible personal property at the location in the taxing district for which a return is filed;

(B) omits leased property, consigned inventory and other nonowned personal property where such omitted property exceeds five percent (5%) of the total assessed value of all reported personal property; or

(C) is filed with the intent to evade personal property taxes or assessment.

(10) "Original personal property return" means a personal property tax return filed with the proper assessing official by May 15, or if an extension is granted, the extended filing date.

(11) "Personal property" means the following:

(A) Property defined under IC 6-1.1-1-11. Included in this definition, and subject to taxation under this article, are:

(i) vehicles that are not registered and are used solely on the owner's property;

(ii) equipment attached to excise vehicles not used directly in the operation of the vehicle; and

(iii) nonautomotive equipment attached to excise vehicles.

(B) Excluded from this definition, and not subject to taxation under this article, are:

(i) utility property subject to taxation under IC 6-1.1-8;

(ii) mobile homes subject to taxation under IC 6-1.1-7;

(iii) household goods;

(iv) vehicles subject to commercial vehicles excise tax under IC 6-6-5.5; and

(v) vehicles subject to motor vehicle excise tax under IC 6-6-5.

(12) "Repair parts" means replacement parts that can reasonably be expected to be used. These parts are readily available to the taxpayer and are either used in a regular rotation or can be expected to be used in the operation of the business.

(13) "Resident" means a person or entity who has a primary dwelling or is incorporated within Indiana.

(14) "Tax payment date" means May 10 and November 10 in the year subsequent to the assessment date as defined under IC 6-1.1-22-9. If any tax payment date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the next succeeding business day that is not a Saturday, Sunday, or federal or state holiday becomes the tax payment date.

(15) "Taxing district" means an area within the state having tax levies and rates different from the tax levies and rates in other areas of the state.

(16) "True tax value" means the resultant value of property determined in accordance with this article.

(State Board of Tax Commissioners; 50 IAC 4.3-1-1)

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31-1

Sec. 2. The state board of tax commissioners (hereafter state board) is responsible under Indiana law for promulgating rules, appraisal manuals, instructional bulletins, directives, returns and forms to govern the assessment of personal property subject to the ad valorem (tax on value) property tax. Duly appointed personnel of the state board have the responsibility for holding hearings and recommending changes in the assessment of the taxpayer's property. The state board may reconsider the evidence submitted at the original hearing or consider additional information submitted after the original hearing. The state board has the administrative authority to determine the final assessment of personal property. (*State Board of Tax Commissioners; 50 IAC 4.3-1-2*)

50 IAC 4.3-1-3 All property taxable

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-1; Article 10, Section 1 of the Indiana Constitution

Sec. 3. Generally, all tangible property shall be taxed as either personal property, real estate, public utility, commercial vessel, mobile home, motor vehicle excise, commercial vehicle excise, aircraft excise, or subject to financial institutions tax unless specifically exempted by law. (*State Board of Tax Commissioners; 50 IAC 4.3-1-3*)

50 IAC 4.3-1-4 Amendments to rules

Authority: IC 6-1.1-31-1
Affected: IC 4-22-2

Sec. 4. This article may be amended in whole or in part at the discretion of the state board. The procedure for the amendment is specified in IC 4-22-2. (*State Board of Tax Commissioners; 50 IAC 4.3-1-4*)

50 IAC 4.3-1-5 Instructional bulletins

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31

Sec. 5. (a) The state board may issue instructional bulletins that will be published in the Indiana Register as nonrule policy statements. The instructional bulletins, designated I-02-1, I-02-2, etc., instruct taxing officials of their duties and provide administrative forms to be used by taxpayers and local assessing officials as required by the various rules of the state board. These instructional bulletins will be effective for the year designated and will remain in effect for later tax years unless specifically rescinded or revised by subsequent instructional bulletins.

(b) Copies of instructional bulletins issued pursuant to this article may be obtained for a fee per page, as established by the department of administration, plus mailing costs by contacting:

State Board of Tax Commissioners
100 North Senate Avenue, Room 1058
Indianapolis, Indiana 46204

(*State Board of Tax Commissioners; 50 IAC 4.3-1-5*)

50 IAC 4.3-1-6 Administrative adjudications by state board; effect

Authority: IC 6-1.1-31-1
Affected: IC 4-21.5

Sec. 6. (a) The state board may, at its discretion, issue an "administrative adjudication determination" on the ad valorem tax consequences of a taxpayer's proposed transaction or unusual circumstances prior to the filing date of May 15 for the assessment year in question. If the taxpayer has received an extension for filing from the assessor, the date shown in the assessor's letter of extension will be the date used in this section. This "administrative adjudication determination" will be effective only for the tax year designated in the determination.

(b) The taxpayer should make a written request not later than March 31 of the assessment year in question stating all the facts and circumstances that affect the transaction on which a determination is requested.

(c) The “administrative adjudication determination”, as issued by the state board, will be in writing and executed by a quorum of the members of the state board.

(d) The taxpayer may rely upon the “administrative adjudication determination” for the tax year designated. The “administrative adjudication determination” as granted is conditioned upon the following:

- (1) That the facts and circumstances as represented by the taxpayer in the request are accurate.
- (2) That all facts and circumstances related to the transaction have been disclosed to the state board.

(State Board of Tax Commissioners; 50 IAC 4.3-1-6)

50 IAC 4.3-1-7 Practice before state board

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-1

Sec. 7. The practice of taxpayer representatives in proceedings before local officials and the state board are governed by 50 IAC 15-5. *(State Board of Tax Commissioners; 50 IAC 4.3-1-7)*

50 IAC 4.3-1-8 Applicability

Authority: IC 6-1.1-31-1; IC 6-1.1-31-7

Affected: IC 6-1.1-3

Sec. 8. (a) This article applies to the assessment of all tangible personal property under IC 6-1.1-3.

(b) All tangible personal property assessed after February 28, 2002, must be assessed in accordance with this article. *(State Board of Tax Commissioners; 50 IAC 4.3-1-8)*

50 IAC 4.3-1-9 United States Code citations

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-1

Sec. 9. All references to the United States Code in this Article refer to the version in effect on November 6, 2001. *(State Board of Tax Commissioners; 50 IAC 4.3-1-9)*

Rule 2. Filing Requirements

50 IAC 4.3-2-1 Place of filing; assessment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-20; IC 6-1.1-3-1; IC 6-1.1-3-10

Sec. 1. (a) A personal property tax return must be filed in each taxing district where property is located or held on March 1, subject to the qualifications contained in this article. A return may cover all business locations in a single taxing district. However, if the property is located in two (2) or more taxing districts within the same township, a separate return must be filed reporting the property in each of the taxing districts.

(b) Personal property owned by a person who is a resident of this state shall be assessed at the place where the owner is a “resident”. If personal property is regularly used, permanently located or held on the assessment date at a location in the state other than where the owner is a “resident”, the assessment shall be made in such location. “Mobile vehicles” regularly used or regularly located in Indiana such that they have a substantial nexus with this state but that are at a location outside of the state on the assessment date shall be assessed where they are regularly used or located.

(c) Personal property owned by a person who is a nonresident of this state shall be assessed at the place where the owner’s principal office is located within this state. If personal property is regularly used, permanently located or held on the assessment date at a location in the state other than where the owner has its principal office, the assessment shall be made in such location. When the owner does not have a principal office in the state, the property will be assessed where located on the assessment date.

(d) To the extent that “residence” determines the place of assessment of personal property held by a fiduciary in its fiduciary capacity, the residence of the fiduciary shall govern, except that in the assessment of personal property of an estate of a deceased person, the “actual residence” in this state of the deceased person immediately before death shall be the place of assessment until such property has been distributed.

(e) If a controversy arises concerning the appropriate taxing district for assessing personal property, the determination made as follows shall be final:

(1) The county assessor shall determine the correct taxing district for assessment purposes if a question arises as to the appropriate taxing district within the county.

(2) The state board shall determine the proper county for assessment if the question arises as to which county within the state is the proper tax situs.

(State Board of Tax Commissioners; 50 IAC 4.3-2-1)

50 IAC 4.3-2-2 Who must file

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-4; IC 6-1.1-3-7

Sec. 2. Every person, as defined in IC 6-1.1-1-10, including any firm, company, partnership, association, corporation, fiduciary, or individual owning, holding, possessing or controlling personal property with a tax situs within the state on March 1 of any year is required to file a personal property tax return on or before May 15 of that year unless an extension of time to file a return is obtained pursuant to section 3 of this rule. The obligation to file a return is not diminished or affected by the failure of an assessor to deliver or mail forms to a taxpayer. It is the responsibility of the taxpayer to obtain forms from the assessor and file a timely return in compliance with this article. *(State Board of Tax Commissioners; 50 IAC 4.3-2-2)*

50 IAC 4.3-2-3 Time to file returns

Affected: IC 6-1.1-3-7

Authority: IC 6-1.1-31-1

Sec. 3. (a) File returns on or before May 15 of each year.

(b) An extension of time to file a return of up to thirty (30) days may be granted provided the extension is requested in writing before the statutory filing date (May 15). If the extended filing date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the return is timely if filed by the next succeeding day that is not a Saturday, a Sunday, or a federal or state holiday.

(c) The request must be made to the assessor with whom the return should be filed. The request must clearly state the reason for the extension. The assessor may, at the assessor's discretion, approve the request and shall notify the taxpayer in writing if approved. A copy of the approved request must be attached to each taxpayer's return required to be filed. (*State Board of Tax Commissioners; 50 IAC 4.3-2-3*)

50 IAC 4.3-2-4 Full disclosure

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7; IC 6-1.1-3-9

Sec. 4. (a) Full disclosure is required as defined under IC 6-1.1-3-9.

(b) The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation on the owner's personal property tax return. In addition to the reporting requirement in subsection (a), the owner of property, under circumstances in which possession is transferred to another person, but ownership is retained, shall be required to furnish in the taxing district where the property is located a complete listing of such property showing the name and address of person in possession, model, description, location, quantities, date of installation, and value per this article reported for assessment and taxation. This listing is required in order to provide a means of verification and cross reference by the assessing official that all property is being properly reported for assessment and taxation. (See special instructions in 50 IAC 4.3-8 for reporting leased personal property.)

(c) The person holding, possessing or controlling, in any capacity, any tangible property that is subject to taxation under this article is required to file and attach with the return a complete listing of all not owned property. The listing is to be filed in the taxing district where the property is located and must include the name and address of the owner, model, description, location, quantities on hand, date of installation, value (if known) per this article and any other information requested on the appropriate form. This listing is required to be filed by the possessor even if the owner is liable for the taxes under a contract, thereby assuring that the assessing official has the necessary information to correctly assess the property in question. (See special instructions in 50 IAC 4.3-8 for reporting leased personal property.) (*State Board of Tax Commissioners; 50 IAC 4.3-2-4*)

50 IAC 4.3-2-5 Returns filed in duplicate

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7

Sec. 5. (a) When the assessed value of the personal property declared on all returns filed in a taxing district by a taxpayer is one hundred fifty thousand dollars (\$150,000) or more, each return must be filed in duplicate. A legible, reproduced copy will be acceptable for this requirement.

(b) Returns forwarded to county assessor. Whether or not a taxpayer has filed the return in duplicate, each assessor of a township must forward to the county assessor, on or before July 31 of each year, a copy of each personal property tax return filed by a taxpayer who has a total assessed valuation declared on returns filed in a taxing district of one hundred fifty thousand dollars (\$150,000) or more.

(c) Returns forwarded to the state board by county assessor. The county assessor shall forward to the state board, on

or before August 31 of each year, a copy of all duplicate returns forwarded to the county assessor by the township assessors as provided in subsection (b). (*State Board of Tax Commissioners; 50 IAC 4.3-2-5*)

50 IAC 4.3-2-6 Short form returns

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7

Sec. 6. When the assessed value of personal property required to be reported in a township is less than one hundred fifty thousand dollars (\$150,000), the taxpayer may elect to file Form 103-Short Form if:

- (1) the business is not a manufacturer or processor;
- (2) no elections are made to utilize the “average” inventory reporting method;
- (3) no exemptions or deductions (other than the enterprise zone credit) are claimed that affect the business personal property assessment; and
- (4) no special valuation adjustments such as equipment not placed in service, permanently retired equipment, or abnormal obsolescence are claimed in determining the value of the business personal property.

(*State Board of Tax Commissioners; 50 IAC 4.3-2-6*)

50 IAC 4.3-2-7 Authorized forms

Authority: IC 6-1.1-31-1

Affected: IC 4-10-13-5; IC 6-1.1-3; IC 6-1.1-35-9; IC 6-1.1-37-3

Sec. 7. (a) The state board is required by statute to adopt tax return forms and schedules for personal property assessment purposes.

(b) The following are the authorized return forms provided for personal property assessment purposes pursuant to this article:

Form #	Form Description
101	Individual Tangible Personal Property Return
102	Confidential Farmers Tangible Personal Property Return
103/C	Consolidated Return
103/S	Short Form Confidential Business Tangible Personal Property Return
103/L	Long Form Confidential Business Tangible Personal Property Return
103-I	Confidential Return of Commercial Airline Carriers and Buslines
103-N	Return of Not Owned Personal Property
103-O	Return of Owned Personal Property Not in Possession of Owner
103-P	Confidential Claim for Exemption of Air or Water Pollution Control Facilities
103-T	Confidential Return of Special Tools
103-W	Confidential Return of Personal Property in Warehouses, Grain Elevators or Other Storage Places claimed to be Exempt from Assessment
104	Business Tangible Personal Property Return
105	Business Tangible Personal Property Summary of Returns (To be filed directly with State Board of Tax Commissioners)
106	Schedule of Adjustments to Business Tangible Personal Property

(c) In lieu of using the actual return form prescribed in subsection (b), a taxpayer may use a computer or machine

prepared substitute tax return form or schedule provided that the substitute:

- (1) contains all of the information as set forth in the prescribed form;
- (2) properly identifies the form or schedule being substituted; and
- (3) is approved by the state board.

(d) The following are authorized administrative forms provided for personal property assessment purposes pursuant to this article:

Form Number	Form Description
111/PP	Notice of Review of Current Year's Assessment for Personal Property by Township Assessor or Property Tax Assessment Board of Appeals
113/PP	Notice of Assessment or Change in Assessment by Assessing Official
114/PP	Notice of Hearing on Petition by PTABOA
115	Notice of Final Assessment Determination by PTABOA
116	Notice of Hearing and Review of Assessment by State Board of Tax of Commissioners
117	Notice of Hearing on Petition By State Board of Tax Commissioners
118	Notice of Final Assessment Determination by State Board of Tax Commissioners
130/PP	Petition to the PTABOA for Review of Assessment
131/PP	Petition to the State Board of Tax Commissioners for Review of Assessment
133	Petition for Correction of Error
322 ERA/PPME	Application for Deduction from Assessed Valuation - New Manufacturing Equipment in Economic Revitalization Area (ERA)
322 ERA/PPR&D E	Application for Deduction from Assessed Valuation - New Research and Development Equipment in Economic Revitalization Area (ERA)
CF-1	Compliance with Statement of Benefits (ERA)
SB-1	Statement of Benefits (ERA)
MOD-1	Maritime Opportunity District Personal Property Tax Credit
EZ1	Enterprise Zone Business Personal Property Tax Credit
IR-1	Industrial Recovery Site Inventory Tax Credit
17-T	Petition for Refund of Taxes (Prescribed by the State Board of Accounts)

(e) Every person required to file a personal property tax return pursuant to section 2 of this rule must report all personal property as defined in 50 IAC 4.3-1-1(11), on the authorized form. The return forms as listed in subsections (b) and (d) do not constitute a return unless signed under the penalties of perjury by a person authorized to file such return.

(f) Prescribed Forms 102, 103, 103-I, 103-N, 103-O, 103-P, 103-T, 103-W, and 106, together with any schedules or

other information attached thereto, are confidential and shall not be disclosed to any person unless specifically authorized by law. For further information on confidentiality see IC 6-1.1-35-9.

(g) Personal property is a self-assessment method of taxation requiring the taxpayer to complete the assessment return in accordance with the rules prescribed by the state board.

(h) The township assessor's responsibility is defined in IC 6-1.1-3-6, IC 6-1.1-3-7, and IC 6-1.1-3-14. This language clearly demonstrates that personal property returns are required to be self-assessment returns prepared and signed by the taxpayer (authorized person) "under the penalties of perjury" that it "is a true, correct and complete" return and that it is prepared in accordance with IC 6-1.1 et seq. as amended, and rules promulgated with respect thereto.

(i) The taxpayer is responsible for the accuracy of the information on the return and for assuring that it is a complete return that has been prepared in accordance with the law and rules of the state board.

(j) The township assessor should provide whatever assistance is reasonable and necessary to ensure that the taxpayer may file a correct tax return. This would include:

- (1) furnishing copies of assessment return forms;
- (2) providing copies of this article and amendments;
- (3) providing copies of rules and instructional bulletins applicable to that business (for example, 50 IAC 4.3-15-7, for petroleum prices prescribed); and
- (4) answering any questions on how to properly file an assessment return.

If a taxpayer requests assistance in the preparation of a return because the taxpayer does not understand how to complete the form, the official should explain each step to the taxpayer. In no instance should the official fill out the return for the taxpayer. The taxpayer should complete and be responsible for all information on the return. The taxpayer must sign and date the return in all cases. (*State Board of Tax Commissioners; 50 IAC 4.3-2-7*)

50 IAC 4.3-2-8 Penalties

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7; IC 6-1.1-3-9; IC 6-1.1-5-13; IC 6-1.1-15-5; IC 6-1.1-37-7

Sec. 8. (a) Any person who willfully makes and subscribes any return, statement or other document that is verified under oath, which is certified as to the truth of the information occurring thereon or which contains a written declaration that is made under the penalties of perjury and which they do not believe to be true and correct in every material respect shall be guilty of a crime and shall be subject to the same penalties as provided by law for perjury.

(b) The incomplete return penalty is defined in IC 6-1.1-37-7(d). The purpose of this penalty is to require a full disclosure of the information related to the value, nature, or location of personal property on the personal property tax return for that year which is necessary for an assessing official to review the return. If this information is not provided, a thorough review of the return as required by law cannot take place.

(c) The penalty for failure to file a timely return is defined in IC 6-1.1-37-7(a). No return shall be considered due within the meaning of this article until the expiration of a period of any extension of time which may have been granted pursuant to section 3 of this rule.

(d) The undervaluation penalty is defined in IC 6-1.1-37-7(e).

(1) The purpose of the twenty percent (20%) penalty is to ensure a complete disclosure of all information required by the state board on the prescribed self-assessment personal property forms. This enables the township assessor, county property tax assessment board of appeals, and state board to carry out their statutory duties of examining returns each year to determine if they substantially comply with the rules of the state board. This examination cannot take place if all required information is not shown on the self-assessment return form.

(2) It is not the purpose of this provision to impose a penalty on a person who has made a complete disclosure of information required on the assessment return form. Therefore, if the person filing the self-assessment personal property return shows that they are claiming an exemption or taking an adjustment for abnormal obsolescence or permanently retired equipment on the return form and has complied with all of the requirements for claiming that

exemption or adjustment, no penalty should be added to the extent of the amounts accounted for on the return form. In considering whether or not a taxpayer has made a full and complete disclosure of information, the complete return package must be considered. A complete return package consists of the return form itself (Form 102 or 103), and all necessary supplemental forms and supporting schedules which must be filed with the return.

(3) If a person has complied with all of the requirements for claiming an exemption or adjustment for abnormal obsolescence or permanently retired equipment, then the increase in assessed value that results from a denial of the exemption or change in the amount of adjustment is considered to be an interpretive difference not subject to the twenty percent (20%) penalty for undervaluation for purposes of this subsection. However, all other amounts not fully disclosed through omission or undervaluation which represent property subject to the reporting requirements of this article and the laws of this state are subject to the twenty percent (20%) penalty.

(A) An exemption is defined as a situation where a certain type of property, or the property of a certain kind of taxpayer, is not taxable (IC 6-1.1-1-6). There are three (3) basic types of exemptions which are permitted to be claimed on the annual business personal property return that are available to a taxpayer. These exemptions include:

- (i) air pollution control equipment;
- (ii) industrial waste control equipment; and
- (iii) inventory exemptions, including:
 - (a) interstate commerce; and
 - (b) government-owned.

(B) It should be noted that when the reporting requirements have been met, but for some reason the exemption is not allowed, the amount disallowed is an interpretive difference and is not subject to the omitted or undervalued personal property tax penalty. However, when items that would otherwise qualify for an exemption are omitted from the return, the property is taxable, because the exemption was waived, and the omitted and undervalued personal property tax penalty must be applied.

(C) Allowable adjustments can be defined as an adjustment that affects the value of personal property when the adjustment is truly elective. The taxpayer must elect the adjustment when the return is filed. If the taxpayer fails to properly elect the adjustment when the return is filed, the taxpayer is not entitled to the adjustment. The adjustment is not mandatory. The allowable adjustments are:

- (i) average inventory adjustment; and
- (ii) elective inventory valuation method.

(4) Mandatory adjustments reflect the value of personal property required to be reported in conformity with the provisions of this article. Therefore, regardless of whether the taxpayer shows the adjustment in their tax return, the assessing official must make the adjustment in order to arrive at the proper value for assessment purposes per the provisions of this article. Permanently retired equipment and abnormal obsolescence are adjustments which should be recognized to the extent that the property qualifies and the taxpayer is able to substantiate the facts, circumstances, and amount of the claim in order to properly determine the true tax value of the subject property.

(A) The mandatory adjustments for depreciable assets include:

- (i) adjust to federal tax basis;
- (ii) add fully depreciated property still in use but written off;
- (iii) add cost of installation and foundation applicable to depreciable personal property;
- (iv) equipment not placed in service;
- (v) permanently retired equipment;
- (vi) valuation of commercial aircraft and commercial buslines;
- (vii) abnormal obsolescence;
- (viii) percent good factors applicable to each year's acquisitions; and
- (ix) placement by year of acquisition in the proper pool based upon life utilized for computing cost recovery (depreciation) for federal tax purposes.

(B) The mandatory adjustments for inventory include:

- (i) adjust book inventory to March 1;
- (ii) add unrecorded inventory;
- (iii) adjust to "first-in-first-out" (FIFO);
- (iv) add manufacturing overhead not included in inventory;
- (v) add freight-in not included in inventory;
- (vi) add royalties, editorial, license, or copyright fees not included in inventory;

- (vii) add taxes not included in inventory;
- (viii) deduct inventory recorded but not received;
- (ix) deduct purchase or trade discounts; and
- (x) adjustment from standard to actual cost.

With the exception of the valuation of permanently retired equipment and abnormal obsolescence, mandatory adjustments for depreciable assets and inventory are not interpretive differences. They are adjustments which must be applied to any omitted or undervalued property when discovered. Any resulting differences in assessment between the amount reported by the taxpayer and the amount of assessment determined by the assessing official after making all mandatory adjustments is subject to the twenty percent (20%) penalty, while interpretive differences and math errors on the face of the return are not subject to the penalty.

(e) A penalty is due with an installment under subsection (b), (c), or (d) whether or not an appeal is filed under IC 6-1.1-15-5 with respect to the tax due on that installment. (*State Board of Tax Commissioners; 50 IAC 4.3-2-8*)

50 IAC 4.3-2-9 Interest

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-22-9; IC 6-1.1-37; IC 33-3-5-11

Sec. 9. (a) Interest shall apply on taxes due when:

- (1) an assessment is made or increased after the date on which the taxes were originally due for the year for which the assessment is made;
- (2) the assessment upon which the taxpayer has been paying taxes is less than the assessment that results from the final determination of the petition for review or of the appeal to court; or
- (3) the collection of property taxes has been enjoined under IC 33-3-5-11.

(b) A taxpayer shall pay taxes and interest with respect to an action or determination described in subsection (a) on or before:

- (1) the next May 10; or
- (2) the next November 10;

whichever occurs first. (*State Board of Tax Commissioners; 50 IAC 4.3-2-9*)

50 IAC 4.3-2-10 Amended returns

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7; IC 6-1.1-3-7.5

Sec. 10. (a) A taxpayer may file an amended personal property tax return not more than six (6) months after the later of the following:

- (1) If no extension was granted under IC 6-1.1-3-7(b), an amended return must be filed before November 16 of the year in which the original personal property tax return was filed.
- (2) If an extension was granted under IC 6-1.1-3-7(b), an amended return must be filed within 6 months of the extended filing date.

(b) A taxpayer who files a personal property tax return under IC 6-1.1-3 may file no more than one (1) amended return under IC 6-1.1-3-7.5.

(c) A taxpayer may claim on an amended personal property tax return any adjustment or exemption that would have been allowable as if the adjustment or exemption had been claimed on the original personal property return.

(d) In no case will a taxpayer be allowed to file an amended return if the original return was not filed by May 15 or, in the case of an extension, by the extended filing date.

(e) A taxpayer must file the amended return on the same form prescribed by the state board for the filing of an original personal property return, indicating that it is "amended" in a conspicuous place on the front of the return. The amended personal property return must be completed and filed with the township assessor in the same manner as is

required for the original personal property return.

(f) Notwithstanding the provisions of this article, an amended return remains subject to the review and adjustment of assessing officials in same manner as original personal property returns.

(g) The township assessor must report the assessed value resulting from amended return to the county auditor on forms prescribed by the state board.

(h) Within ten (10) days of receipt of a report submitted under subsection (e), the county auditor shall reflect the assessed value resulting from amended returns on the auditor's records of assessed valuation. (*State Board of Tax Commissioners; 50 IAC 4.3-2-10*)

50 IAC 4.3-2-11 Additional filing requirements

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7

Sec. 11. Every taxpayer required by statute or this article to file in more than one (1) taxing district in the state shall be required to file a Summary of Returns, Form 105, directly with the state board by July 15 of the year the assessment is made. This form must indicate the taxing districts where returns are required to be filed and the assessed values reported to the local assessor. This requirement is in addition to all other requirements imposed by law and this article relating to the filing of personal property tax forms and returns. (*State Board of Tax Commissioners; 50 IAC 4.3-2-11*)

Rule 3. Review and Appeal Procedures

50 IAC 4.3-3-1 Township assessor review

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-14; IC 6-1.1-3-15; IC 6-1.1-9-3; IC 6-1.1-15-1; IC 6-1.1-15-14; IC 6-1.1-16-1

Sec. 1. (a) The township assessor shall review returns as required under IC 6-1.1-3-14 and IC 6-1.1-3-15. The township assessor shall notify the taxpayer, on Form 113, if the assessor changes the assessment reported by the taxpayer on the return.

(b) The assessor may make an assessment of personal property if the assessor has sufficient information to indicate there is omitted property as described in IC 6-1.1-9-3(a).

(c) If a person owning, holding, possessing, or controlling any personal property fails to file a personal property return or list with the township assessor, the assessor may follow the procedures outlined in IC 6-1.1-3-15.

(d) As an alternative to the township assessor directly performing the duties under subsections (a) through (c), the township assessors may contract with a private vendor to perform these duties.

(e) A township or county assessing official must make a change in the assessed value and give notice of the change on or before the latter of:

(1) September 15 of the year for which the assessment is made; or

(2) four (4) months from the date the personal property return is filed;

if the return is filed after May 15 of the year for which the assessment is made provided the return has been filed in substantial compliance with this article. If the taxpayer has failed to file a return, a notice of assessment must be given within the ten (10) year period after the date on which the return should have been filed. If a fraudulent return has been filed, the assessor has no limitation of time within which to act. If the taxpayer fails to file a personal property return that substantially complies with the provisions of IC 6-1.1 and the rules of the state board, the assessment may be increased if notice is given within three (3) years after the date the return is filed.

(f) Upon receiving a notification of estimated value from the township assessor, the taxpayer may elect to file a personal property return within thirty (30) days from the date of the written notice of assessment by the assessor subject to the penalties imposed under 50 IAC 4.3-2-8. The notice shall instruct the taxpayer on the procedures necessary to obtain a review before the property tax assessment board of appeals. (*State Board of Tax Commissioners; 50 IAC 4.3-3-1*)

50 IAC 4.3-3-2 Direct review of assessment by property tax assessment board of appeals

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3; IC 6-1.1-9; IC 6-1.1-13-1; IC 6-1.1-13-3; IC 6-1.1-15-1; IC 6-1.1-15-14; IC 6-1.1-16-1

Sec. 2. (a) The property tax assessment board of appeals may review, at its own discretion, any assessment of any taxpayer within the county as described in IC 6-1.1-13-3.

(b) The property tax assessment board of appeals may contract with a private vendor to assist in the review.

(c) The property tax assessment board of appeals shall give the proper notice as described in IC 6-1.1-13-1.

(d) After the property tax assessment board of appeals has completed the review of the taxpayer's assessment, it shall notify the taxpayer by mail of the assessment on Form 115.

(e) A property tax assessment board of appeals must make a change in the assessed value, including the final determination by the board of an assessment changed by a township or county assessing official, and give the notice of the change on or before the latter of:

(1) October 30 of the year for which the assessment is made; or

(2) five (5) months from the date the personal property return is filed;

if the return is filed after May 15 of the year for which the assessment is made provided the return has been filed in substantial compliance with this article. If the taxpayer fails to file a return, a notice of assessment must be given within the ten (10) year period after the date on which the return should have been filed. If a fraudulent return has been filed, there is no limitation of time within which it may act. If the taxpayer fails to file a personal property return that substantially complies with the provisions of this article, the assessment may be increased if notice is given within three (3) years after the date the return is filed. (*State Board of Tax Commissioners; 50 IAC 4.3-3-2*)

50 IAC 4.3-3-3 Direct review by state board

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-14-10; IC 6-1.1-15; IC 6-1.1-30

Sec. 3. (a) The state board, on its own initiative, may conduct an audit to review a taxpayer's personal property assessment under IC 6-1.1-14-10.

(b) A notice of audit of assessment on Form 116 will be mailed to the taxpayer advising the taxpayer at least ten (10) days in advance of the date, time and place of the scheduled audit.

(c) The taxpayer is required to make available to the auditor of the state board sufficient books, records, federal and state income tax returns and related data to determine the assessment of the property in question. If the books, records, tax returns and related data are not made available, a subpoena or a subpoena duces tecum will be issued to obtain this information unless in the judgment of the state board other action would be more appropriate.

(d) Upon the completion of the audit, the auditor from the state board shall make his findings and proposed assessed valuation known to the taxpayer.

(e) Upon the completion of the audit, the auditor from the state board shall make a report to the state board that includes recommendations and proposed assessed valuation. (*State Board of Tax Commissioners; 50 IAC 4.3-3-3*)

50 IAC 4.3-3-4 Final determination of state board

Authority: IC 6-1.1-31-1

Affected: IC 4-21.5; IC 6-1.1-15-4; IC 6-1.1-15-5; IC 6-1.1-30; IC 6-1.1-31

Sec. 4. (a) The report, proposed assessment, and related information shall be considered by the state board in determining the assessment of the taxpayer.

(b) If the taxpayer does not agree with the assessment recommended by the auditor, the taxpayer may petition the state board to consider additional information, provided that the petition is made before the determination of the final assessment.

(c) If the taxpayer wants a hearing, the taxpayer must submit a letter requesting an administrative hearing to the state board. Accompanying the letter should be a written brief or statement, along with any evidence, supporting the taxpayer's request for a hearing. The brief or statement should include a concise statement of the question in dispute and a summary of laws, regulations, and facts in support of such question.

(d) The state board may hold an administrative hearing or appoint personnel to hold an administrative hearing at its discretion provided that the taxpayer has properly requested a hearing and the state board determines that the taxpayer's facts and circumstances warrant an administrative hearing. The discussion at the hearing will be limited to the issues presented in the request for hearing unless, at the discretion of the state board, it determines other issues should be discussed.

(e) If a hearing is held by the state board, the board shall issue written findings of fact and conclusions of law related the administrative hearing.

(f) A written notice, Form 118, of the final assessment will be given to the taxpayer, township assessor, county assessor, and county auditor when an audit was conducted by state board on its own initiative.

(g) Any change in assessment by the state board must be made and the notice of the assessment sent not later than October 1 of the year following the year of the assessment. If an extension of time to file was granted, the state board has sixteen (16) months from the date the personal property tax return was filed to change the assessment. This general statute of limitations does not apply in the following circumstances:

- (1) The taxpayer may petition for a correction of error if a statutory basis for the correction of error exists (as prescribed in section 6 of this rule).
- (2) There is a three (3) year limitation on the ability to change an assessment when a taxpayer has not filed a property tax return in substantial compliance with the provisions of this article.
- (3) When a taxpayer is required to file a tax return as provided by law under this article and fails to file a return.
- (4) A ten (10) year limitation on the ability to change an assessment when the taxpayer files a fraudulent personal property return, or files a return with the intent to evade the payment of property taxes.

(State Board of Tax Commissioners; 50 IAC 4.3-3-4)

50 IAC 4.3-3-5 Appeal of assessments

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-15-1; IC 6-1.1-15-5; IC 6-1.1-22-9; IC 6-1.1-37; IC 33-3-5

Sec. 5. In the event the taxpayer does not agree with the assessment made by an assessing official, an appeal may be made as follows:

- (1) The taxpayer may appeal an assessment made by a township or county assessor to the county property tax assessment board of appeals by filing a Form 130, petition for review of assessment with the county assessor in the county where the property was assessed pursuant to IC 6-1.1-15-1(b).
- (2) If a taxpayer or township assessor or a member of a county property tax assessment board of appeals does not agree with an assessment as determined by the county property tax assessment board of appeals, a petition for review of assessment must be filed on Form 131, with the county assessor of the respective county requesting a review by the Indiana board of tax review pursuant to IC 6-1.1-15-3(c).
- (3) Appeal to the Indiana tax court under IC 6-1.1-15-5.

(State Board of Tax Commissioners; 50 IAC 4.3-3-5)

50 IAC 4.3-3-6 Petition for correction of error

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-15-12

Sec. 6. If a taxpayer files a petition for correction of error (Form 133) with respect to a personal property assessment for years before March 1, 2002, the taxpayer opens that entire assessment to review. If errors other than those identified by the taxpayer are found in the process of review, they can be corrected, regardless of the net effect on the assessment. A taxpayer who claims that an error in an assessment entitles the taxpayer to a refund, the taxpayer must file both a Form 133, for correction of the assessment, and a Form 17T, for a refund. For more details and specific information on this process see IC 6-1.1-15-12. *(State Board of Tax Commissioners; 50 IAC 4.3-3-6)*

Rule 4. Valuation of Depreciable Tangible Personal Property

50 IAC 4.3-4-1 “Depreciable personal property” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-1-11

Sec. 1. As used in this rule, “depreciable personal property” means all tangible personal property defined in 50 IAC 4.3-1-1(5) that is used in a trade or business, used for the production of income, or held as an investment that is subject to depreciation for federal income tax purposes, except to the extent that property is treated otherwise in this article. *(State Board of Tax Commissioners; 50 IAC 4.3-4-1)*

50 IAC 4.3-4-2 Book cost determinative

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31

Sec. 2. (a) The cost of depreciable property, both real and personal, shall be the total amount as recorded on the taxpayer’s books and records as of the assessment date, and must be utilized in determining the value of the depreciable personal property, except as provided in section 3 of this rule.

(b) Per the provisions of this article the cost of depreciable personal property must include, but is not limited to, the following:

(1) Direct costs and an appropriate portion of indirect costs attributable to its production or acquisition and preparation for use. These costs include, but are not limited to, the following:

- (A)** The purchase price.
- (B)** Transportation costs to the place of use.
- (C)** Installation costs.
- (D)** Foundations and electrical wiring.
- (E)** Interest incurred during construction and installation.
- (F)** Sales tax.

(2) If the asset is constructed by the company, the original cost must be made up of, but not limited to, the following costs:

- (A)** Direct and indirect labor costs and fringe benefits.
- (B)** Direct material costs.
- (C)** Designing.
- (D)** Supervision.
- (E)** Insurance.
- (F)** Depreciation of equipment used in construction.
- (G)** Claims for damage during construction not compensated by insurance.
- (H)** Taxes during construction.
- (I)** Interest incurred during construction.
- (J)** Sales taxes.
- (K)** Other costs directly chargeable to construction.

(3) If the asset is constructed by the company, the original cost should not include the following costs:

- (A)** Profit should not be added to the actual costs since the company cannot make a profit on itself.
- (B)** Any credits in the form of sales of scrap materials, discounts received on purchases of materials, and return premiums on surrender of insurance policies should be subtracted from the gross costs of construction to determine the actual cost of the asset.

(4) The allocation of interest incurred during construction and installation must be made (capitalized) for personal property tax purposes regardless of how the property is required to be treated under federal income tax laws.

(c) The cost of additions and betterments must be added to the original cost of the asset. If an additional part is added or some other change is made in the fixed asset that increases its estimated useful life, its production capacity or efficiency, or changes it to a different use, such an expenditure is a betterment and should be capitalized by adding it to the original cost of the asset. If a part is replaced with a similar part, the new part would be shown as a new acquisition while the part replaced would be removed from the original cost of the asset. The cost of additions, betterments, or replacements would be reported as an addition, betterment, or replacement in the year the actual expenditure occurred.

(d) In the event a taxpayer cannot determine from the taxpayer's books and records the cost of the depreciable property on the assessment date, the taxpayer must use the following procedure:

- (1) The book cost as of the close of the annual financial period immediately prior to the assessment date and so indicate on the return.
- (2) This book cost will then be adjusted to reflect all acquisitions and disposals that have occurred between such date and the assessment date.
- (3) This adjustment should be taken as provided in section 5 of this rule.
- (4) Add installation costs and foundations applicable to machinery and equipment.

These additions shall be reported and assessed on the same basis as the asset to which they apply.

(e) A taxpayer must be able to reconcile the cost of the depreciable personal property reported with the cost of all depreciable property as recorded on the taxpayer's books and records on the assessment date.

(f) Taxpayers with locations in more than one (1) taxing district in this state may fulfill the requirements of this section by making one (1) computation as required in subsection (e) for the entire state, provided that the cost of the depreciable personal property for each taxing district where the taxpayer has property on the assessment date is identified in such computation. (*State Board of Tax Commissioners; 50 IAC 4.3-4-2*)

50 IAC 4.3-4-3 Fully depreciated, retired, or nominally valued property; report and valuation

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 3. (a) Depreciable personal property, as defined in 50 IAC 4.3-1-1(5), not retired from use must be reported whether or not the cost of such property has been removed from, recorded on, or recorded at a nominal value on the taxpayer's books and records.

(b) Any fully-depreciated personal property that has been written off the taxpayer's books and records, is at the tax situs, and not permanently retired on the assessment date must be reported on the return. The cost of such property must be clearly shown as an adjustment as provided on the tax return as provided in section 5 of this rule.

(c) As used in this rule, "permanently retired depreciable personal property" means property that has been removed from the manufacturing process, or has been removed from service other than manufacturing, on the assessment date. In addition, if it is awaiting disposition, or scheduled to be scrapped, removed, or disposed of, it will be considered to be permanently retired providing the taxpayer actually scraps or sells such property. If a taxpayer has permanently retired depreciable property, the following applies;

(1) Depreciable personal property that is on hand, included in the book cost as reported by the taxpayer, and permanently retired on the assessment date may be adjusted in the following manner:

(A) The book cost of permanently retired depreciable property can be taken as an adjustment from the total book cost provided the cost of such property is included in the total book cost.

(B) In order to qualify for this adjustment, a taxpayer will need to substantiate that the property was permanently retired and not in use.

(2) Permanently retired depreciable personal property should be valued at its net scrap or net sale value. The valuation of this property should be shown separately on the tax return.

(d) Depreciable personal property recorded on the books and records at a nominal or no value must be reported at its year of acquisition insurable value. This category of property would include, but is not limited to, bulk purchase or the acquisition of a going business concern. (*State Board of Tax Commissioners; 50 IAC 4.3-4-3*)

50 IAC 4.3-4-4 Computer equipment; report and valuation

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 4. (a) Computer equipment is made up of the following elements, as used in this rule:

(1) “Hardware” means physical equipment used for input, processing, and output activities in an information system. It is composed of mechanical, magnetic, and electronic devices and other components which constitute the physical computer assembly.

(2) “System software” means a set of generalized programs that manage the computer’s resources, such as the central processor, communication links, and peripheral devices. It is not normally accessible or modifiable by the user. Also system software may be referred to as the operating system.

(3) “Application software” means programs written for a specific application to perform functions specified by end users.

(b) Computer hardware and system software must be reported at the actual acquisition cost regardless of how it may be valued on the taxpayers books and records. If the value for computer equipment recorded on the books and records reflects charges for customer support services, such as educational services, maintenance, or application software, that relate to future periods and not to the value of the tangible personal property, such charges may be deducted as intangible personal property to the extent that a separate charge or value can be identified. (*State Board of Tax Commissioners; 50 IAC 4.3-4-4*)

50 IAC 4.3-4-5 Adjustments to cost

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 5. (a) The adjusted costs of the assessable depreciable personal property as computed in subsection (d), must be reported at the tax basis of such property as defined in 26 U.S.C. § 1012, without any adjustments that may be authorized under federal income tax laws concerning:

- (1) 26 U.S.C. § 167 (depreciation);**
- (2) 26 U.S.C. § 179 (expense deduction);**
- (3) any credits (such as investment tax credit) that diminished the cost basis of the property;**
- (4) the value of any trade-in property; or**
- (5) any other assessable property that is allowed to be expensed under federal income tax laws.**

Therefore, if the tax basis of the taxpayer’s assessable depreciable personal property is different than the cost per books of such property, except for the depreciable personal property defined and required to be reported by section 3 of this rule, an adjustment must be made to the cost per books of the assessable personal property reported in Indiana.

(b) The adjustment from book to tax basis must be computed on Form 106 and shown on line 2 of Form 103–Long, Schedule A.

(c) This adjustment is required to be made regardless of whether it is an increase or decrease from the cost per books.

(d) Other adjustments include deducting the cost of the following types of property:

- (1) Air pollution control system.**
- (2) Industrial waste control facility.**
- (3) Real property.**
- (4) Airplanes subject to excise tax.**
- (5) Vehicles subject to excise tax.**

(e) The adjusted cost of depreciable personal property, is the resultant amount obtained by adjusting the cost per books, as defined in section 2 of this rule, by all adjustments within this section. (*State Board of Tax Commissioners; 50 IAC 4.3-4-5*)

50 IAC 4.3-4-6 Pools of property; determination of costs by acquisition year

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 6. (a) The adjusted cost of depreciable personal property, as computed in section 5 of this rule, is required to be segregated into four (4) separate pools. The depreciable life utilized for federal income tax purposes determines the pool to be utilized for Indiana property tax purposes. The pools are as follows:

- (1) Pool No. 1: All assets that have a life of one (1) through four (4) years.
- (2) Pool No. 2: All assets that have a life of five (5) through eight (8) years.
- (3) Pool No. 3: All assets that have a life of nine (9) through twelve (12) years.
- (4) Pool No. 4: All assets that have a thirteen (13) year or longer life.

(b) "Depreciable life" means the life used to determine the proper selection of the pool in which an asset must be included. It is based upon the life utilized to compute depreciation on the federal income tax return of the taxpayer unless the following occurs:

- (1) The state board determines that such life is either unrealistic in relation to all of the taxpayer's facts and circumstances or the life used on the federal tax return has been changed by the Internal Revenue Service on audit.
- (2) The lives used by taxpayers in the state for a particular category of assets are varied and the state board, in order to obtain equalization in assessments, determines that a uniform life should be used by all taxpayers in the state pursuant to 50 IAC 4.3-7-2.

(State Board of Tax Commissioners; 50 IAC 4.3-4-6)

50 IAC 4.3-4-7 Determination of the year of acquisition

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 7. (a) After calculating the total adjusted cost of depreciable tangible personal property, as provided in section 5 of this rule, it is necessary to determine the cost by year of acquisition for each pool.

(b) Each pool is required to be segregated by year of acquisition as detailed on the annually updated personal property forms prescribed in 50 IAC 4.3-2.

(c) The year of acquisition for Indiana property tax purposes is a fiscal year of March 2 to March 1 unless the taxpayer elects to use the same year as that used for federal tax purposes as follows:

- (1) If a taxpayer has a fiscal year that ends on December 31 or January 31, the taxpayer may elect to use the alternative fiscal year that is used for federal income tax purposes to determine the year of acquisition of assets for Indiana property tax reporting purposes. Otherwise, a taxpayer is not eligible to elect to use an alternative fiscal year to compute year of acquisition for Indiana personal property tax purposes and must use a fiscal year of March 2 to March 1.
- (2) If an alternative fiscal year election is made, any acquisitions made after the close of the taxpayer's federal taxable year, up to and including the assessment date, must be included in the space provided on the appropriate form.

(d) For Indiana property tax purposes it will be presumed that the disposal of depreciable personal property occurs on a first-in, first-out basis unless the taxpayer establishes that such was not the case. *(State Board of Tax Commissioners; 50 IAC 4.3-4-7)*

50 IAC 4.3-4-8 True tax value determination; exception

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 8. (a) The true tax value for Indiana property tax purposes is computed by multiplying the adjusted cost of each year's acquisitions in the respective pool by a percentage good factor obtained in subsection (b). These factors automatically reflect all forms of depreciation for Indiana property tax purposes, except abnormal obsolescence as provided in section 9 of this rule.

(b) The table in this subsection provides the percentage good factors applied to the adjusted cost within each pool in order to compute true tax value for each pool. Once the true tax value for each year within each pool is calculated, they are summed to determine the true tax value of each pool. The true tax values for each of the four (4) pools is then summed and placed in the “Total All Pools” cell. The table of percentage factors is as follows:

Table of Percentage Good Factors				
	Depreciable Lives Utilized for Federal Income Taxes			
Year of Acquisition (as detailed on the personal property forms)	Pool 1 1 to 4 Years	Pool 2 5 to 8 Years	Pool 3 9 to 12 Years	Pool 4 13 Years and Longer
1	76 %	88 %	92 %	93 %
2	53 %	76 %	84 %	85 %
3	29 %	64 %	75 %	78 %
4	5 %	51 %	67 %	71 %
5	5 %	39 %	59 %	63 %
6	5 %	27 %	51 %	56 %
7	5 %	15 %	43 %	49 %
8	5 %	15 %	35 %	42 %
9	5 %	15 %	26 %	34 %
10	5 %	15 %	18 %	27 %
11	5 %	15 %	10 %	20 %
12	5 %	15 %	10 %	12 %
13	5 %	15 %	10 %	5 %
Over 13	5 %	15 %	10 %	5 %

(c) If personal property is leased, such property will not be valued in accordance with this rule, rather it is to be reported in accordance with the provisions of 50 IAC 4.3-8. *(State Board of Tax Commissioners; 50 IAC 4.3-4-8)*

50 IAC 4.3-4-9 Adjustment for abnormal obsolescence

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 9. (a) A taxpayer may claim an adjustment for abnormal obsolescence, as defined in 50 IAC 4.3-9-3, provided that such taxpayer follows the procedures and meets the requirements regarding such adjustment outlined in 50 IAC 4.3-9.

(b) Limitations are as follows:

- (1) No adjustment will be allowed for normal obsolescence, as defined in 50 IAC 4.3-9-2, since it is accounted for in the percentage good factor(s).
- (2) If an abnormal obsolescence adjustment is made, the dollar amount of the adjustment may not exceed the true tax value, as computed in section 8 of this rule, for the specific depreciable asset(s) on which the taxpayer claims the adjustment.
- (3) In no instance may the abnormal obsolescence adjustment result in a true tax value less than the net scrap or net sale value of the affected asset.

(State Board of Tax Commissioners; 50 IAC 4.3-4-9)

50 IAC 4.3-4-10 Determination of property as real or personal

Authority: IC 6-1.1-31-1

Sec. 10. (a) The following guide is intended to assist in the identification of property as either real or personal.

(b) The use of a unit of machinery, equipment, or structure determines its classification as real or personal property. If the unit is directly used for manufacturing, or a process of manufacturing, it is considered personal property. If the unit is a land or building improvement, it is considered real property.

(c) On-site utility piping, such as sanitary and storm sewers, potable water and fire prevention lines, and gas lines are considered on-site development costs and are included in the base rate when calculating the value of land. Real property land improvements are those improvements extraneous to site development, which are placed on the land to improve the parcel. They are normally considered yard items. Real property land improvements include, but are not limited to, the following:

- (1) Retaining walls.**
- (2) Private roads.**
- (3) Paved roads.**
- (4) Bridges.**
- (5) Fencing.**
- (6) Reservoirs.**
- (7) Dams.**
- (8) Fixed river, lake, or tidewater wharves and docks.**
- (9) Permanent standard gauge railroad trackage, bridges, and trestles.**
- (10) Walls forming storage yards and fire prevention dikes.**

(d) Structural components and other improvements to buildings are considered real property. These include, but are not limited to, the following:

- (1) Foundations.**
- (2) Walls.**
- (3) Floors.**
- (4) Roof.**
- (5) Insulation.**
- (6) Stairways.**
- (7) Partitions.**
- (8) Loading and unloading platforms.**
- (9) Canopies.**
- (10) Areaways.**
- (11) Heating systems.**
- (12) Air conditioning.**
- (13) Ventilation systems.**
- (14) Sanitation.**
- (15) Fixed fire protection.**
- (16) Lighting.**
- (17) Plumbing and drinking water.**
- (18) Elevators and escalators.**

(e) The following table identifies property as either real property or personal property:

Real and Personal Property	
Property	Type
Agricultural irrigation system, including the distribution system above or below ground	Personal
Air conditioning	
Building air conditioning for comfort of occupants	Real
Package units, through the wall commercial type	Real
Special process equipment to maintain controlled temperature and humidity	Personal
Window units, through the wall or inserted in window	Personal
Air lines for machinery and equipment	Personal
Aluminum pot lines	Personal
Anhydrous ammonia tanks and equipment	
Stationary	Real
Portable	Personal
Ash handling system, pit and framing related to system	Personal
Asphalt mixing plant and equipment (moveable)	Personal
Auto-call and telephone system	Personal
Bar and equipment	Personal
Bins, permanently affixed for storage	Real
Boilers	
Manufacturing process	Personal
Building service	Real
Booths for welding	Personal
Bowling alley lanes	Personal
Bucket elevators, open or enclosed, including casing	Personal
Buildings, such as specially constructed storage, poultry, or livestock processing buildings, not including machinery or equipment	Real
Bulkheads making additional land area to be assessed with and as a part of the improved land	Real
Carpeting, commercial A real property assessment includes a finished floor. If the carpet is installed over an existing finished floor, carpeting is personal property. If, as in the case of many newer buildings, carpeting has been specified and is the only finished floor, carpeting is assessed as real property.	Real or Personal, depending on the circumstances

Cistern	Real
Coal handling system	Personal
Cold storage	
Built-in cold storage rooms	Real
Cold storage refrigeration equipment	Personal
Cold storage, prefab walk-in type	Personal
Control booth	Personal
Conveyor	
Housing	Personal
Tunnels	Real
Unit, including belt and drives	Personal
Cooling towers	
Primary use for manufacturing	Personal
Primary use for building	Real
Crane	
Moving crane	Personal
Runways, including supporting columns or structure and foundation, inside or outside of buildings	Personal
Dock levelers	Personal
Drapes	Personal
Drying rooms	
Structure	Real
Heating system	Personal
Dust catchers	Personal
Fence, security	Real
Fire alarm system	Personal
Fire walls, masonry	Real
Floors, computer room	Real
Foundations for machinery and equipment	Personal
Gaming riverboats	Real
Gas lines for equipment or processing	Personal
Grain bins, storage	Real
Grain drying equipment	Personal
Grain drying equipment, such as augers and aerators	Personal
Grain elevators (commercial, industrial) storage, silos, tanks, cupolas, working house, head-house, and milling space	Real
Grain elevator machinery and equipment (commercial, industrial), such as inside or outside conveyors, spouting, hopper scales, man lifts, aeration systems, grain cleaners, grain dryers, mechanical grain dumping equipment, loading and unloading systems, truck scales, and all processing machinery and equipment	Personal
Grain storage tents (blow-up)	Personal
Gravel plant, machinery, and equipment	Personal
Greenhouses	

Building	Real
Building, plastic cover, in place on assessment date	Personal
Benches and heating system	Personal
Heating system	
Building heating for comfort of occupants	Real
Special purpose to maintain controlled temperature	Personal
Hoist, hoist pits	Personal
Hydraulic lines	Personal
Irrigation equipment	Personal
Kilns	
Lumber, drying kiln structure	Real
Concrete block, drying kiln structure	Real
Circular down draft, beehive	Real
Heating or drying system	Personal
Landscaping, priced with land	Real
Laundry, steam generating equipment	Personal
Lighting	
Yard	Personal
Special purpose, inside	Personal
Service station, except building	Personal
Mixers and mixing houses	Personal
Ore bridge foundation	Personal
Ovens, processing	Personal
Piping, process piping above or below ground	Personal
Pits for equipment or processing	Personal
Pools swimming, in-ground or above-ground	Real
Power lines and auxiliary equipment	Personal
Pumps and motors	Personal
Pump house, including substructure	Real
Racks and shelving, portable or removable	Personal
Railroad siding, except belonging to railroad	Real
Ready-mix concrete batch plant and equipment	Personal
Refrigeration equipment	Personal
Refrigerated display cabinets	Personal
Sanitary system	Real
Satellite dishes	
Commercial use	Personal
Residential use	Personal
Scale houses	Real
Scales	
Truck or railroad scales, including pit	Personal
Dormant scales	Personal
Septic system, priced with land	Real
Sheds or buildings	
Permanent, affixed, or portable confinement buildings	Real

Agricultural open portable pull-type	Personal
Detached storage structures	Real
Portable utility sheds	Real
Signs, including supports and foundation	Personal
Silos	
Containing a manufacturing process	Personal
Farm storage silos	Real
Silo equipment	Personal
Storage	Real
Spray pond	
Masonry reservoir	Real
Piping and equipment	Personal
Sprinkler system	Real
Stacks	
Supported individually and servicing heating boilers	Real
Servicing personal property units or a process	Personal
Steam electric generating facility	
Equipment	Personal property or distributable property
Building	Real
Stone crushing plant and equipment	Personal
Storage facilities, permanent of masonry or wood	Real
Storage vaults and doors, including bank vaults and doors	Real
Substation	
Building	Real
Equipment	Personal
Tanks	
(A) Storage only, except as indicated in clauses (B) and (C), above or below ground	Real
(B) Used as part of manufacturing process	Personal
(C) Underground gasoline tanks at service stations	Personal
Towers, TV or radio broadcasting	Personal
Transformers	Personal
Tunnels	Real
Tunnels, waste heat or processing	Personal
Unit heaters	
Nonportable	Real
Portable	Personal
Unloader runway	Personal
Ventilating	
Ventilating system for manufacturing equipment	Personal

Ventilating system for comfort of employees	Real
Walls, portable partitions	Personal
Water lines, for processing above or below ground	Personal
Water pumping station, building and structure	Real
Water pumps and motors	Personal
Water treating and softening plant	
Building and structure	Real
Water treating and softening equipment	Personal
Wells used for potable water, priced with land	Real
Wells, pumps, motors, and equipment	Personal
Wiring, power wiring	Personal

(State Board of Tax Commissioners; 50 IAC 4.3-4-10)

Rule 5. Valuation of Inventory

50 IAC 4.3-5-1 Definitions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-2; IC 6-1.1-3; IC 6-1.1-31; IC 26-1

Sec. 1. The following definitions apply throughout this rule:

(1) “Cost of inventory” includes the following:

(A) The primary basis of accounting for inventories is cost, which has been defined generally as the price paid or consideration given to acquire an asset. As applied to inventories, cost means, in principle, the sum of the applicable expenditures and charges directly or indirectly incurred in bringing an article to its existing condition and location as of the assessment date. Uniform capitalization rules generally require capitalization of all direct material, direct labor, and an allocable portion of indirect costs attributable to acquiring or producing tangible personal property.

(B) Manufactured or work in process inventory located at the manufacturing or processing plant will include all costs paid or incurred for materials, labor, and manufacturing expenses to bring the inventory to the actual state of completion on the assessment date.

(C) As used in the phrase “lower of cost or market” cost should be carried forward for assignment in future periods, except when it is evident that the utility of the goods is no longer as great as their cost. Where there is evidence that the utility of goods, in their disposal in the ordinary course of business, will be less than cost, whether from damage, deterioration, obsolescence, style change, over-supply, reduction in price levels, or other causes, the inventory items should be stated at a lower level commonly designated as “market”.

(2) “Intra-company profits” means the net profits on intra-company transfers within the legal entity filing the tax return and not profits from a separate legal entity, regardless of any inter-corporate relationships. Intra-company profits are not required to be included in the valuation of inventory for assessment purposes since they have not been earned.

(3) “Manufacturing expenses” (overhead or indirect costs) means those costs of manufacturing that in an accounting sense are costs that are not directly attributable to the item being produced. These indirect costs consist of, but are not limited to, such items as the following:

(A) Repairs and maintenance of equipment and facilities.

(B) Utilities.

(C) Rental of equipment, facilities, or land.

(D) Indirect labor.

(E) Supervisory wages.

(F) Indirect materials and supplies.

(G) Quality control and inspection.

(H) Depreciation, amortization, and cost recovery allowable on equipment and facilities.

(I) Rework labor.

(J) Scrap and spoilage.

(K) Factory administrative cost.

(L) Administrative, service, or support functions related to production.

(M) Production officers’ salaries.

(N) Insurance on production plant, production equipment, and inventory.

(O) Employee benefits (not including the past service portion of pension plans).

(P) Bidding costs on awarded contracts.

(Q) Engineering and design expenses (other than research and experimental expenses).

(R) Off-site storage and warehousing.

(S) Purchasing costs.

(T) Handling costs.

(U) A portion of general and administrative costs allocated to these functions.

Many of these costs are of such nature that the taxpayer in its regular accounting system determines by an estimate the amount of each cost that is used in a specific operation and consequently, for accounting purposes, allocates such costs at various stages, processes or upon completion, based upon a percentage of a determinable cost. A determinable cost is a cost that in an accounting sense is measured as incurred. Consequently, indirect cost or overhead is

comprised of those expense items or costs that, for the accounting purposes of the taxpayer filing the return, are allocated to the product being produced on a percentage basis or based on some other reasonable relationship. Physical association of these costs with the items produced is seldom possible; nevertheless, the past experience of a company will offer a valid basis for allocation.

(4) "Market" means current replacement cost (by purchase or by reproduction, as the case may be) except that market should not:

(A) exceed the net realizable value, that is, estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal; and

(B) be less than net realizable value reduced by an allowance for an approximately normal profit margin.

(5) "New taxpayers" means a taxpayer will be deemed to be a new taxpayer in a taxing district when the taxpayer has not had inventory in the given taxing district for any month during the preceding calendar year.

(6) "Public warehouse" means a storage facility that is operated by one engaged in the business of receiving, shipping, or storing goods of others for hire, through the issuance of warehouse receipts and releases, in accordance with the Indiana Uniform Commercial Code (IC 26-1). The storage facility must be under the supervision and control of the warehouseman and staffed by its employees or agents, thereby excluding from this definition leased facilities operated by a lessee not engaged in the business of public warehousing.

(7) "Warehouse" means an area, enclosure, building, or structure, public or private, maintained for the storage of inventory or other tangible personal property.

(State Board of Tax Commissioners; 50 IAC 4.3-5-1)

50 IAC 4.3-5-2 Inventory subject to assessment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11

Sec. 2. (a) Generally, all inventory with a tax situs in the state on the assessment date shall be subject to assessment. Certain inventories, have specific exemption procedures noted in 50 IAC 4.3-12. Every person, including any firm, partnership, association, corporation, fiduciary, or individual owning, holding, possessing, or controlling inventory in any capacity whatsoever with a tax situs within the state on the assessment date is required to file a personal property tax return and report such inventory as provided in 50 IAC 4.3-2-2.

(b) The inventory subject to assessment includes all inventory, whether or not in the actual possession of the owner, within the state on the assessment date. Inventory maintained in a warehouse will be taxed to the owner of the inventory unless as of the filing date, the owner of the property as of the assessment date is unknown by the assessor, in which case said property shall be assessed to the possessor. Every owner or operator of a warehouse, grain elevator, terminal, or other storage facility is required to report, by the filing date, all tangible personal property stored in such facilities that it holds, possesses, or controls but does not own, on Form 103-N.

(c) Inventory consigned for sale is to be assessed to the owner (consignor) of the property where a tax situs exists on the assessment date. The consignor is required to file a complete return, including a list of such property on Form 103-O. The consigned inventory must be reported as not-owned property by the consignee and clearly designated as such. This property must be reported on Form 103-N.

(d) All whole grain that is owned, controlled, or possessed by any taxpayer with a tax situs within the state on the assessment date is required to be reported for assessment.

(e) In order to provide for a uniform method of assessment of grain in storage, the state board has made the following determinations:

(1) Grain stored on the farm or where produced shall be assessed and taxable to the owner of said grain in the taxing district where stored.

(2) Grain stored in a warehouse or grain storage facility shall be assessed as follows:

(A) Grain stored in a warehouse or grain storage facility shall be assessed and taxable, in the taxing district where stored, to the persons in whose name the warehouse receipt is outstanding.

(B) Grain stored at an elevator or other grain storage facility under conditions whereby the owner of the grain may

subsequently have the grain returned, or may sell such grain or exchange such stored grain for other commodities, and a grain receipt (including scale ticket or other depository paper) is given, shall be taxable in the taxing district where stored to the owner of such grain.

(C) All grain owned by an elevator or other storage facility must be reported on Form 103. Grain under a purchase contract and not in possession of the purchaser shall be taxed to the seller of such grain to the extent that such grain has not been paid for and shall be taxed to the purchaser to the extent that payment has been made for such grain.

(3) CCC Grain is grain used as collateral on a Commodity Credit Corporation loan with the Natural Resources Conservation Service (NRCS). The producer retains title and control of this grain and can choose where and when to sell the grain on the open market and pay off the loan. If the market price drops below a guaranteed price, the producer may choose to forfeit title to the grain to the federal government and repayment of the loan will be forgiven. This grain shall be assessed and taxable to the owner of said grain in the taxing district where stored.

(4) Grain delivered to an elevator or other storage facility under a "price later" or "deferred pricing" contract becomes the property of the elevator at the time of delivery and shall be assessed and taxed to the elevator if on hand on the assessment date. The seller is assessable for "price later" grain until delivery is made to the elevator at which time title, possession and control is transferred to the elevator.

(5) Grain taken over or otherwise owned by the federal government shall be reported on the personal property assessment Form 103 by the elevator or grain storage facility as being in its possession. No assessment shall be made on such grain since a deduction may be taken as "exempt" on such property.

(State Board of Tax Commissioners; 50 IAC 4.3-5-2)

50 IAC 4.3-5-3 Valuation of inventory

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-11; IC 6-1.1-31

Sec. 3. Except as otherwise provided in this article, the cost of inventory as recorded on the regular books and records of the taxpayer on the assessment date must be reported on the personal property return of the taxpayer. The use of "lower of cost or market" method for valuing inventory for book accounting purposes is allowable for Indiana property tax purposes. *(State Board of Tax Commissioners; 50 IAC 4.3-5-3)*

50 IAC 4.3-5-4 Mandatory adjustments

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-11; IC 6-1.1-31

Sec. 4. (a) If the cost per books of the inventory reported by the taxpayer does not include the following items, such cost must be adjusted for the following items before making any other valuation adjustments or exemptions:

(1) LIFO reserve (the last-in-first-out method of valuing inventories). No reduction for LIFO is allowed in the valuation of inventories pursuant to this article. If the dollar amount shown as the cost per books of the taxpayer's inventory has been reduced for a LIFO adjustment, the dollar amount of the adjustment must be added back.

(2) Manufacturing expenses (overhead or indirect cost). If the cost per books of inventory located at the manufacturing or processing plant excludes any or all manufacturing overhead, an adjustment increasing such cost for overhead must be made.

(3) Discounts and freight. The cost of the inventory shall be reduced for purchase, trade, and cash discounts providing the cost per books of the taxpayer's inventory includes these items. The cost of inventory shall be increased for freight-in to the extent that it is attributable to the inventory on hand, providing the cost per books of the taxpayer's inventory does not reflect this item.

(4) Adjustment for standard cost. If the inventory on the books is recorded at a standard cost, an adjustment is required to reflect the difference, if any, between such standard cost and actual cost.

(5) Royalties, editorial costs, or license or copyright fees. If the cost per books of inventory excludes any royalties, editorial costs, or license or copyright fees, an adjustment increasing such cost must be made. If the payment of such fees is contingent upon the sale of the inventory, it shall be deemed to be directly incurred, and therefore shall be added.

(6) Taxes and duties. If the cost per books of inventory excludes any taxes (other than state, local, and foreign income taxes) that have been paid or incurred, an adjustment increasing such cost must be made as follows:

(A) Federal taxes, except income taxes, are considered to be part of the cost of the product for inventory valuation purposes at all levels of trade.

(B) State taxes are considered to be part of the cost of the product at the retail level.

(C) Following is a summary of the assessability of state and federal taxes at the various levels of trade.

	Federal Taxes	State Taxes
Distillers/ Manufacturers	Assessable	Not assessable
Wholesalers	Assessable	State taxes on beer, liquor, and wine are assessable. Tax stamps if affixed on cigarettes are assessable.
Retailers	Assessable	Assessable

(D) Goods held in bond on March 1 include products that are imported from foreign countries and placed in the custody of agents of the federal government until custom duties and federal excise taxes, imposed by the federal government, have been paid. These goods have arrived at their destination in the bonded warehouse and are assessable in the amount of the purchased cost of the merchandise, excluding custom duty and federal excise tax, plus freight in to the location of the bonded warehouse. Customs duty and federal excise taxes on “goods held in bond” are not due and payable until such time as the goods are withdrawn from bond, therefore these costs are not to be included in determining the cost of bonded inventories for property tax purposes.

(State Board of Tax Commissioners; 50 IAC 4.3-5-4)

50 IAC 4.3-5-5 Reporting of inventory not carried on books of taxpayer

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-1; IC 6-1.1-31

Sec. 5. (a) All inventory as defined in 50 IAC 4.3-1-1(7) and section 2 of this rule is required to be reported for personal property tax assessment purposes even if a taxpayer may:

- (1) expense such inventory in the period acquired for regular accounting or federal tax purposes; or
- (2) have failed to properly reflect inventory on hand but not recorded on the taxpayers books or records.

This inventory includes, but is not limited to, supplies, repair parts, or expendable tools on hand on the assessment date.

(b) In general, when valuing inventory expensed on books, unless the taxpayer can otherwise substantiate, the value of the unrecorded inventory will be computed as follows:

- (1) The total expenditures for the unrecorded inventory items during the twelve (12) months immediately preceding the assessment date shall be determined by reference to the regular books and records of the taxpayer.
- (2) One-twelfth ($\frac{1}{12}$) of the total expenditures for the year for unrecorded inventory must be reported as the valuation of the unrecorded inventory.
- (3) This computation must be made for each classification of unrecorded inventory that exists.

(c) Except as provided in subsection (b), the value of inventory not recorded on the books and records of the taxpayer on the assessment date is the actual cost of such inventory. (State Board of Tax Commissioners; 50 IAC 4.3-5-5)

50 IAC 4.3-5-6 Elective inventory valuation method

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-11; IC 6-1.1-31

Sec. 6. (a) As an alternative method to valuing inventory, a taxpayer who is in possession of inventory may value finished goods and work in process inventory as follows:

- (1) The cost of raw materials and supplies, which must include the total cost directly or indirectly incurred, including freight, to bring the property to the location where it will be utilized. Taxpayers acquiring manufactured products from related entities shall include in the accountability cost the sum of all costs directly or indirectly incurred in bringing the article to its existing condition and location on the assessment date. In addition, the cost of all direct production labor shall be added.
- (2) Any adjustment taken from inventory valuation must be the same basis on which it was included in the tax return.

(3) This election must be applied to all locations within this state, except as noted in subdivision (4).

(4) This election is available only for a taxpayers finished goods or work in process inventories.

(b) Computations of the valuation method outlined in this section are required to be attached to the tax return and computed on Form 106. (*State Board of Tax Commissioners; 50 IAC 4.3-5-6*).

50 IAC 4.3-5-7 Average inventory election

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3; IC 6-1.1-31

Sec. 7. (a) A taxpayer may elect to value inventory on the prior calendar year average. This is applicable to all taxpayers, including manufacturers and processors, with respect to materials held for use and production, supplies of all types, and finished or partially finished goods.

(b) This election is made by notifying the assessor in the space provided on the return at the time of filing the return.

(c) The election, once made, is binding upon the taxpayer for the tax year in which elected and for each year thereafter unless written permission to change for reasonable cause is granted by the state board prior to filing subsequent years' original personal property return.

(d) When a taxpayer has elected to use the average method, the taxpayer must use that method for reporting the value of its inventory at all locations in the state. When the taxpayer is a new taxpayer in a taxing district, between January 1 and March 1 of the assessment year, the election is not binding in such taxing district because the taxpayer did not have inventory in the taxing district during the preceding calendar year.

(e) The average inventory shall be determined by computing the cost (as provided in sections 3 through 5 of this rule or section 8 of this rule) of the inventory on hand at the end of each uniform accounting period in the prior calendar year, which shall not be less than twelve (12) periods, including the following requirements.

(1) The accounting periods used by the taxpayer to determine the base for computing average inventory must be the accounting period that represents a regular and ordinary practice of the taxpayer.

(2) If a taxpayer was engaged in business for only a portion of the preceding calendar year in a taxing district, the average method of valuation shall be based upon the average of the full calendar months during which the taxpayer was engaged in business in the prior calendar year.

(3) Adequate books and records showing the property on hand and the value thereof as of the last day of each accounting period in the prior calendar year must be maintained by the taxpayer electing to use the average method of inventory valuation.

(f) If a taxpayer becomes a new taxpayer in a taxing district between January 1 and the March 1 assessment date, the actual cost of the inventory on hand in the given taxing district on the assessment date must be reported. This is required even though the taxpayer has made a valid election to compute its inventory on the average method for the entire state and is applicable only for the first year that a taxpayer is a new taxpayer in a taxing district. (*State Board of Tax Commissioners; 50 IAC 4.3-5-7*)

50 IAC 4.3-5-8 Average inventory election for perishable horticultural processors

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3; IC 6-1.1-31

Sec. 8. (a) In lieu of all other methods specified in this section, a first processor of perishable horticultural products may list its inventory of such products that have passed the first process stage at one-twelfth ($\frac{1}{12}$) of the true tax value of such products processed in the twelve (12) month period ending on the assessment date. If such processor has not been in business for a continuous twelve (12) month period preceding the assessment date, such products may be listed at the true tax value of such products processed during the period the processor was in business divided by the number of whole months during such period.

(b) The following definitions apply throughout this section:

(1) "First process" means the first operation of preservation after harvest.

(2) "First processor" means the taxpayer that completed the first process.

(3) "Horticultural products" means the following fruits and vegetables suitable for human consumption:

(A) Cherries.

(B) Lima beans.

(C) Peas.

(D) Turnip greens.

(E) Spinach.

(F) Tomatoes.

(G) Asparagus.

(H) Green beans.

(I) Sweet corn.

(J) Grapes, in the form of wine.

(K) Pimentos.

(L) Plums.

(M) Red raspberries.

(N) Strawberries.

(O) Broccoli.

(P) Cauliflower.

(Q) Brussel sprouts.

(R) Peaches.

(S) Shellie beans.

(T) Waxed beans.

(U) Apricots.

(V) Cucumbers, in the form of pickles.

(4) "Perishable" means commodities that require, under ordinary circumstances, some affirmative and continuous step such as refrigeration or canning within forty-eight (48) hours of harvest to preserve them from decay or spoilage.

(c) The special valuation adjustment under subsection (a) shall be applied only to those products that qualify in subsection (b)(3) and is not applicable to the value of any other ingredients or additives, the container, label, or shipping case.

(d) The taxpayer shall report the actual March 1 booked inventory in the tax return being filed. An adjustment to the value computed using the average valuation shall be taken in the space provided on the return and clearly indicated as an adjustment for average inventory valuation. (*State Board of Tax Commissioners; 50 IAC 4.3-5-8*)

50 IAC 4.3-5-9 Abnormal obsolescence adjustment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 9. A taxpayer may not claim an adjustment for abnormal obsolescence as defined in 50 IAC 4.3-9-3 for inventory. Adjustments provided in this rule allow the taxpayer to account for all forms of obsolescence. (*State Board of Tax Commissioners; 50 IAC 4.3-5-9*)

50 IAC 4.3-5-10 Determination of true tax value of inventory

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 10. The true tax value of inventory is the cost per books of the inventory, as defined in sections 1 and 3 of this rule, increased or reduced as follows:

- (1) The adjustments required to be made pursuant to section 4 (mandatory adjustments) of this rule.**
- (2) The value of the unrecorded inventory as determined in section 5 of this rule.**
- (3) Reductions for exempt inventory as provided in 50 IAC 4.3-12.**
- (4) The adjustments, if any, required as a result of the election of the elective inventory valuation method as provided in Section 6 of this rule or the average inventory methods as provided in sections 7 and 8 of this rule.**

(State Board of Tax Commissioners; 50 IAC 4.3-5-10)

Rule 6. Valuation of Other Tangible Personal Property

50 IAC 4.3-6-1 Tangible personal property not placed in service; reporting

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 1. (a) Tangible personal property, other than inventory as defined in 50 IAC 4.3-1-1(7), with a tax situs within the state on the assessment date that has not been placed into service must be reported for property assessment purposes.

(b) The following definitions apply throughout this section:

(1) “Construction in process” means tangible personal property not placed in service. The term does not include the inventory of a contractor that is not a part of the real or personal property under construction. A contractor’s inventory must be valued and reported as provided in 50 IAC 4.3-5.

(2) “Tangible personal property not placed in service” means all property that has not been depreciated and is not eligible for federal income tax depreciation under 26 U.S.C. § 167 on the assessment date. Real property as defined by law and rules of the state board, inventory, leased property, returnable containers, and property normally assessed as inventory and held in abeyance or stored temporarily, and which possession may be transferred to another person to be attached to or become a part of an asset are not included in this category.

(c) The value of personal property not placed in service is the cost recorded on the taxpayer’s books and records that is attributable to such personal property, including all expenses incurred in acquiring or producing the assets not yet placed in service, such as in the following cases:

(1) The cost as recorded on the regular books and records of the taxpayer does not reflect acquisitions and transfers since the end of the financial period immediately preceding the assessment date, such acquisitions and transfers are required to be included.

(2) The cost as recorded on the regular books and records of the taxpayer reflects advance payments or deposits, and if such amounts were attributable to tangible personal property, these amounts shall be allowed as a deduction from book cost.

(d) The true tax value of tangible personal property not placed in service as defined in subsection (b)(2), is eighty-seven percent (87%) of the cost of such property. (*State Board of Tax Commissioners; 50 IAC 4.3-6-1*)

50 IAC 4.3-6-2 Improvement to leased real or personal property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-5-13; IC 6-1.1-31

Sec. 2. (a) Whenever a taxpayer makes any expenditure for an improvement to real or personal property not owned by such taxpayer, such expenditure shall be assessable as personal property to the extent it is not real property as defined in 50 IAC 4.3-1-1(11).

(b) Examples of such improvements that are personal property are as follows:

(1) Improvements to personal property, as defined in 50 IAC 4.3-1-1(11), are personal property. Such improvements include, but are not limited to, foundations and pilings related to the installation and use of personal property.

(2) Improvements to real property that are personal property include, but are not limited to, personal property attached to the real property to the extent such items are related to activities or processes conducted in the building if the personal property is an integral part of such activity. Such improvements to real property include, but are not limited to, the following:

(A) Shelving.

(B) Bins, counters, and related items.

(C) Nonpermanent partitions.

(D) Supplemental heating and air conditioning.

(E) Extraordinary lighting.

(F) Electrical and plumbing facilities.

(G) Carpeting and draperies.

(c) The taxpayer must report and value the property for personal property assessment purposes in the same manner as any other depreciable personal property, which the taxpayer may own in accordance with provisions of 50 IAC 4.3-4. (State Board of Tax Commissioners; 50 IAC 4.3-6-2)

50 IAC 4.3-6-3 Returnable containers; reporting

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 3. (a) As used in this section, "returnable containers" means those reusable items of tangible personal property that are used to package inventory or other property while in transit. Returnable containers include, but are not limited to, cooperage, skids, bottles, cases, and other reusable packaging devices.

(b) Returnable containers must be reported where located on the assessment date by the taxpayer owning the returnable containers. In addition, the owner is required to furnish a complete listing, on Form 103-O, of all the owner's personal property that is in possession of another person pursuant to 50 IAC 4.3-2-4. The person holding, possessing, or controlling returnable containers not owned, is required to furnish a complete listing on Form 103-N.

(c) The value of returnable containers is computed by first calculating the cost of such property by:

- (1) the amount of deposit required;
- (2) the refund entitled when returned to the owner;
- (3) the sales price; or
- (4) the cost to the owner.

The resultant cost must then be valued in the same manner as other depreciable personal property. (State Board of Tax Commissioners; 50 IAC 4.3-6-3)

50 IAC 4.3-6-4 Special tools

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 4. (a) "Special tools" as used in this section, means depreciable tangible personal property acquired or made for the production of products or product models that are of such specialized nature that their utility generally ceases with the modification or discontinuance of such products or product models. Special tools include, but are not limited to, tools, dies, jigs, fixtures, gauges, molds, and patterns. Depreciable tangible personal property shall qualify as special tools only if assigned a special tools asset class from Appendix B of IRS Publication 946 and depreciated as special tools for federal tax purposes. Those items of special tools being manufactured or built for sale or lease to another person must be valued as inventory pursuant to 50 IAC 4.3-5.

(b) Special tools must be reported where located on the assessment date by the taxpayer owning the special tools on Form 103-T, as an attachment to Form 103. In addition, the owner is required to furnish a complete listing on Form 103-T of all their special tools in the possession of another person pursuant to 50 IAC 4.3-2-4. The person holding, possessing, or controlling special tools, not owned, is required to furnish a complete listing on Form 103-T, of all not owned personal property pursuant to 50 IAC 4.3-2-4.

(c) The cost and adjustments to cost of special tools is determined in the same manner as other depreciable tangible personal property under 50 IAC 4.3-4 and calculated on the Form 103-T, however the depreciation of special tools is calculated using the following percentage good factors:

Table of Percentage Good Factors for Special Tools	
Year of Acquisition (as detailed on the Form 103-T)	Special Tools Percent Good Factors
1	42 %
2	14 %
3	2 %

Over 3	2 %
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(State Board of Tax Commissioners; 50 IAC 4.3-6-4)

Rule 7. Other

50 IAC 4.3-7-1 Lists of readily ascertainable values

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 1. (a) In the case of certain types of personal property that the state board determines have readily ascertainable values, the state board may determine the true tax value of such property. These types of personal property will be valued pursuant to 50 IAC 4.3-14, or the state board will issue instructional bulletins listing the unit values of such property. These bulletins will be published in the Indiana Register as nonrule policy statements.

(b) The types of personal property to be valued pursuant to this section include, but are not limited to:

- (1) agricultural commodities,
- (2) certain livestock;
- (3) certain types of petroleum products;
- (4) recreational vehicles;
- (5) used vehicle inventory;
- (6) used farm implement inventory; and
- (7) any other tangible personal property that the state board determines has a readily ascertainable value.

(State Board of Tax Commissioners; 50 IAC 4.3-7-1)

50 IAC 4.3-7-2 Uniform lives of assets; publication

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 2. The state board may prescribe and publish the lives of assets if it determines that such lives shall be used in order to obtain equalization of assessments. (State Board of Tax Commissioners; 50 IAC 4.3-7-2)

50 IAC 4.3-7-3 Assessment of farm commodities and livestock

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 3. (a) The state board will prescribe the values to be used for the assessment of farm livestock and commodities in order to provide for a uniform method of assessment throughout the state.

(b) In determining the values to be used for the assessment of farm livestock, and commodities, the state board will consult with the Agriculture Department of Purdue University to determine the cost of production of fungible whole grain commodities and livestock as well as take into consideration the market value of said products as of the assessment date. After determining the values of the various fungible whole grain commodities, livestock, and poultry, the state board must meet with, and consider, the recommendations of a farm committee consisting of individuals engaged in the production of such products or representatives of groups representing persons engaged in the production of such products. The commissioners of the state board will determine the members of the farm committee and invite them to an annual meeting prior to adopting the values to be utilized for the particular assessment year involved. The state board must notify, in writing, the Commissioner of Agriculture and the farm committee of the final values adopted within ten (10) days of the annual meeting.

(c) In accordance with the Indiana court of appeals decision in *Lyon and Greenleaf Co., Inc. v. State Board of Tax Commissioners*, each fungible whole grain commodity must be assessed at the same value throughout the state of Indiana, regardless of ownership or effect of location on value, so long as the commodity is in its fungible raw condition. However, certain livestock, poultry, seed, or other commodities with substantially more value than reflected in the values adopted by the state board must be reported at its true tax value. Examples would be show horses, show livestock, prize race horses, and seeds.

(d) The values adopted by the state board will be issued on an annual basis. (*State Board of Tax Commissioners; 50 IAC 4.3-7-3*)

50 IAC 4.3-7-4 Assessment of refined petroleum products, marketing equipment, crude oil and natural gas at wellhead

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 4. (a) The procedures in this section will be utilized by the state board to determine the prices to be used for the assessment of certain petroleum products.

(b) The products covered by this section include the following:

- (1) Crude oil.**
- (2) Natural gas.**
- (3) Grease.**
- (4) Gasoline (all grades).**
- (5) Motor oil (all grades).**
- (6) LP gas.**
- (7) Distillate fuel, including kerosene, fuel oil, tractor fuel, jet fuel, and diesel fuel.**

(c) The price to be used for the valuation of crude oil and other petroleum products will be based upon commodity prices reported in the Oil Daily, Oil and Gas Journal, the Wall Street Journal, or other industry publications as of March 1 of the assessment year. Since these prices must be as of March 1 of each assessment year, the state board will issue the actual prices for each of these commodities after March 1 of the assessment year.

(d) Inventories of these commodities at the refinery will be valued at the total cost pursuant to 50 IAC 4.3-5, while inventories of these same items at the other levels of trade, namely the terminal, bulk plant, and retail stations will be valued to include the sum of the applicable expenditures and charges directly or indirectly incurred to bring these items to their existing condition and location as of the assessment date.

(e) All petroleum prices shall be listed in the return at the prices adopted by the state board.

(f) In order to provide for a uniform method of assessment, and to obtain equalization in the assessment of petroleum industry marketing facilities, the state board establishes the useful life of all tangible personal property used in the marketing of petroleum products as being twelve (12) years. (*State Board of Tax Commissioners; 50 IAC 4.3-7-4*)

Rule 8. Valuation of Leased Personal Property

50 IAC 4.3-8-1 “Leased personal property” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-1; IC 6-1.1-2-4; IC 6-1.1-31

Sec. 1. As used in this rule, “leased personal property” includes those units of tangible personal property defined in 50 IAC 4.3-1-1(11), excluding inventory and returnable containers as defined in 50 IAC 4.3-1-1(7) and 50 IAC 4.3-6-3, which are leased, rented, or otherwise made available to a person other than the owner under a bailment agreement, written or unwritten, on the assessment date. The term includes, but is not limited to:

- (1) business machines;
- (2) postage meters;
- (3) machinery;
- (4) equipment;
- (5) furniture;
- (6) fixtures;
- (7) coin-operated devices;
- (8) tools;
- (9) burglar alarms;
- (10) signs and other advertising devices; and
- (11) motor vehicles;

to the extent taxable as personal property that are loaned, leased, used, or otherwise held in the possession of a person other than the owner on the assessment date whether or not any fees are charged. (*State Board of Tax Commissioners; 50 IAC 4.3-8-1*)

50 IAC 4.3-8-2 Capital and operating leases

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 2. A lease is a contract, either written or oral, that transfers the right of possession from the owner (lessor) to another person (lessee) for a stated period of time. There are two (2) types of leases as follows:

(1) Capital leases are a financing instruments and include sales-type leases, direct financing leases, and leveraged leases. These leases must meet one (1) or more of the following conditions to be so classified:

(A) Ownership of the property is transferred to the lessee at or before the end of the lease term.

(B) The lease permits the lessee to purchase the property or renew the lease at a price or rental that is substantially less than the estimated market value or fair rental of the leased property at the time the option to purchase or renew the lease is exercised.

(C) The lease term is equal to seventy-five percent (75%) or more of the estimated economic life of the leased property.

(D) The present value of the minimum lease payments equals or exceeds ninety percent (90%) of the fair market value of the leased property at the inception of the lease.

In addition, the leases are or should be capitalized by the lessee for federal income tax purposes.

(2) Operating leases include all other leases.

(*State Board of Tax Commissioners; 50 IAC 4.3-8-2*)

50 IAC 4.3-8-3 Operating leases

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-4; IC 6-1.1-31

Sec. 3. (a) Operating leases must be reported by the owner (lessor) of the personal property on Form 103, Schedule A, in the taxing district where the property was located on the assessment date. The value of the property must be computed in accordance with sections 7 through 9 of this rule, rather than 50 IAC 4.3-4.

(b) The owner (lessor) is also required to furnish a complete listing, on Form 103-O, of all the owner's personal property that was the subject of an operating lease on the assessment date. A separate Form 103-O must be filed in each taxing district where property is located showing the name and address of the person in possession, model, description, location, quantity, and date of installation.

(c) The person holding, possessing, or controlling (lessee) tangible personal property subject to the conditions of an operating lease shall file a complete listing, on Form 103-N, of all not owned (leased) personal property. The listing must include the following information about the property:

- (1) The name and address of the owner (lessor).
- (2) The model (if applicable).
- (3) The description.
- (4) The location.
- (5) The quantity on hand.
- (6) The date of installation.
- (7) The value per this article.

The Form 103-N must be attached to the lessee's return filed in the taxing district where such property was located on the assessment date. (*State Board of Tax Commissioners; 50 IAC 4.3-8-3*)

50 IAC 4.3-8-4 Capital leases

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-4; IC 6-1.1-31

Sec. 4. (a) Capital leases must be reported for assessment and taxation by the person holding, possessing, or controlling (lessee) the personal property on Form 103, Schedule A, in the taxing district where the property was located on the assessment date. The value of the property must be computed in accordance with sections 7 through 9 of this rule, rather than 50 IAC 4.3-4.

(b) The lessee is also required to furnish a complete listing of all not owned personal property on Form 103-N, in each taxing district where the property is located on the assessment date. This listing must include the following information about the property:

- (1) The name and address of the owner (lessor).
- (2) The model (if applicable).
- (3) The description.
- (4) The location.
- (5) The quantity on hand.
- (6) The date of installation.
- (7) The value of the property per this article.

(c) The person owning (lessor) tangible personal property subject to the conditions of a capital lease shall file a complete listing, on Form 103-O, of all owned personal property. The listing must include the following information about the property:

- (1) The name and address of the person in possession (lessee).
- (2) The model (if applicable).
- (3) The description.
- (4) The location.
- (5) The quantity on hand.
- (6) The date of installation.
- (7) The value per this article.

The Form 103-O must be attached to the lessor's return filed in the taxing district where such property was located on the assessment date. (*State Board of Tax Commissioners; 50 IAC 4.3-8-4*)

50 IAC 4.3-8-5 Liability for taxes

Authority: IC 6-1.1-31-1

Affected IC 6-1.1-2-4; IC 6-1.1-31

Sec. 5. (a) The owner (lessor) of personal property covered by operating leases has the responsibility for reporting such property for assessment and taxation in the taxing district where the property was located on the assessment date. This section does not relieve the person holding, possessing, or controlling (lessee) personal property covered by operating leases of the responsibility to file a complete listing, on Form 103-N, of not owned personal property nor the responsibility to pay such taxes if not paid by the owner of the property.

(b) The person holding, possessing, or controlling (lessee) personal property covered by capital leases has the responsibility for reporting such property for assessment and taxation in the taxing district where the property was located on the assessment date. This section does not relieve the owner (lessor) of personal property covered by a capital lease of the responsibility to file a complete listing, on Form 103-O, of all owned personal property that was in the possession of another person nor the responsibility to pay such taxes if not paid by the lessee. (*State Board of Tax Commissioners; 50 IAC 4.3-8-5*)

50 IAC 4.3-8-6 Valuation; base year value defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 6. (a) The base year value of the leased property, plus freight and installation costs, must be used in determining the value of leased personal property subject to assessment.

(b) As used in this section, "base year value" means the dollar amount that a willing buyer would pay the owner in an arm's-length transaction to acquire the personal property encumbered by the lease at the beginning of the lease term.

(c) For purposes of applying this section to a specific situation, base year value shall be computed in the following order of preference:

- (1) The alternative acquisition cost, which is the amount stated in the lease the lessee would have had to pay to purchase the leased property instead of leasing it. This will be deemed to be the base year value, provided that the local assessor or state board does not determine that such amount is not reflective of the market value of the leased property.
- (2) The factory delivered price for the personal property subject to the lease plus freight, installation costs, and a profit factor.
- (3) The present value of the lease payments at the inception of the lease computed in accordance with section 10 of this rule.
- (4) The insurable value in the year the lease was first consummated.
- (5) The capitalized value of the annual lease payments over the term of the lease.

(d) If the state board issues an instructional bulletin or administrative adjudication prescribing the base year value of certain property pursuant to this article, such prescribed value shall be the base year value of the property. (*State Board of Tax Commissioners; 50 IAC 4.3-8-6*)

50 IAC 4.3-8-7 Pools for base year values; summation by year placed in service

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 7. (a) The base year value of all leased personal property reported in a tax return is required to be segregated for Indiana property tax purposes into four (4) separate pools in accordance with 50 IAC 4.3-4-6. The depreciable life utilized for federal income tax purposes determines the pool to be utilized and are as follows:

- (1) Pool No. 1: One (1) through four (4) year life.
- (2) Pool No. 2: Five (5) through eight (8) year life.

(3) Pool No. 3: Nine (9) through twelve (12) year life.

(4) Pool No. 4: Thirteen (13) year or longer life.

(b) Sum the base year values of items of same pools and year placed in service and report the summed values in the appropriate pool. *(State Board of Tax Commissioners; 50 IAC 4.3-8-7)*

50 IAC 4.3-8-8 Determination of true tax value

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 8. The true tax value of leased personal property is computed by multiplying the summed base year values in the respective pools by the percentage factor provided on the Form 103, Schedule A-1. This percentage factor reflects all adjustments except for abnormal obsolescence. *(State Board of Tax Commissioners; 50 IAC 4.3-8-8)*

50 IAC 4.3-8-9 Abnormal obsolescence adjustment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 9. The true tax value computed in section 8 of this rule may be adjusted for abnormal obsolescence pursuant to **50 IAC 4.3-9-3.** *(State Board of Tax Commissioners; 50 IAC 4.3-8-9)*

50 IAC 4.3-8-10 Present value of personal property leases

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 10. (a) Pursuant to section 6(c)(3) of this rule, the state board has prescribed the following for the computation of the present value of leased personal property:

(1) If ownership of the property is transferred to the lessee (or may transfer if one (1) of the parties exercises an option) at or before the end of the lease, the term of the lease shall be the term used for computation of the present value.

(2) If title to the property is not transferred to the lessee, the prescribed federal tax depreciable life of the asset at the inception of the lease shall be the term for computing the present value.

(3) If the length of the lease is not specific, the prescribed federal tax depreciable life of the asset at the inception of the lease shall be the term for computing the present value.

(4) If the lease contains a balloon payment, such payment must be included in the present value computation. A balloon payment is a lump-sum payment scheduled at the inception of, during, or at the conclusion of the lease.

(5) If the lease indicates the rate of interest included in the payments, such rate shall be used for computing the present value.

(6) If no interest rate is stated in the lease, the rate to be used in the computation shall be the Federal Reserve Bank prime commercial bank loan rate on the March 1 nearest to the inception of the lease. The state board shall publish such rates annually.

(7) If the amount of any payment (including balloon payments) is not known at the inception of the lease, the present value of the lease payments cannot be computed, and therefore may not be used for determining the base year value.

(8) If the present value computed in accordance with this section does not result in a reasonable valuation, at the discretion of the state board the computed present value may not be used as the base year value.

(State Board of Tax Commissioners; 50 IAC 4.3-8-10)

Rule 9. Obsolescence

50 IAC 4.3-9-1 “Obsolescence” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31-7

Sec. 1. (a) “Obsolescence” means a loss in value caused by inutility within the item of personal property or by changes in demand for the goods produced by the item of personal property. Obsolescence may be caused by:

- (1) defects in:**
 - (A) design;**
 - (B) style;**
 - (B) capacity; or**
- (2) a deficiency; or**
- (3) a superadequacy; or**
- (4) changes in the tastes of buyers in the marketplace.**

(b) Functional obsolescence is a loss in value due to impairment of functional capacity as a result of inadequacy, over capacity, or changes in the state of the art.

(c) External obsolescence is a loss in value arising from forces outside the property itself.

(State Board of Tax Commissioners; 50 IAC 4.3-9-1)

50 IAC 4.3-9-2 “Normal obsolescence” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31-7

Sec. 2. “Normal obsolescence” means the anticipated or expected reduction in the value of business personal property that can be foreseen by a reasonable, prudent businessperson when property is acquired and placed into service. In general, it includes the expected gradual decline in value because of expected technological innovations and the general assumption that such property will have a minimum value at the end of its useful life. The depreciation allowed pursuant to 50 IAC 4.3-4 accounts for normal obsolescence as well as physical deterioration through the use of historical cost and short useful lives. *(State Board of Tax Commissioners; 50 IAC 4.3-9-2)*

50 IAC 4.3-9-3 “Abnormal obsolescence” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31-7

Sec. 3. (a) “Abnormal obsolescence” means obsolescence that occurs as a result of factors over which the taxpayer has no control and is unanticipated, unexpected, and cannot reasonably be foreseen by a prudent businessperson before the occurrence. It is of a nonrecurring nature and includes unforeseen changes in market values and exceptional technological innovations that have a direct effect upon the value of the personal property. Any abnormal obsolescence that affects the personal property must be considered separately since it has not been accounted for in normal obsolescence or physical deterioration. Abnormal obsolescence is calculated using different methodologies depending upon the type of inutility it represents. There are numerous methodologies and, as a general rule, common appraisal concepts and methods may be used to determine abnormal obsolescence. However, any method used must qualify and quantify any abnormal obsolescence claimed. The invention of newer, more productive personal property that produces a better quality item, utilizes state of the art technology, or produces more efficiently at a lower cost of production, does not cause an older, currently used asset to be considered abnormally obsolete unless the change was unanticipated, unexpected, or could not have reasonably been foreseen by a prudent business person.

(b) An example of unforeseen change in market value (external obsolescence) is a government ban on the sale of a drug or chemical that may cause that item or the production equipment used to produce it to be abnormally obsolete. In this case, the equipment used to produce it may be eligible for abnormal obsolescence, while the inventory should be valued at the lower of cost or market as provided in this article and will not be entitled to abnormal obsolescence.

(c) An example of exceptional technological innovation (functional obsolescence) would be compact disc (CD) technology. In this case, the equipment used to produce and play long play (LP) records may be eligible for abnormal obsolescence, while the inventory (LPs) should be valued at the lower of cost or market as provided in this article and will not be entitled to abnormal obsolescence. Abnormal obsolescence due to exceptional technological innovation should be recognized to the extent that it causes the subject property to be incapable of use for current production or adaptation to a different use. *(State Board of Tax Commissioners; 50 IAC 4.3-9-3)*

50 IAC 4.3-9-4 Allowance of abnormal obsolescence claim

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 4. (a) Abnormal obsolescence should be recognized to the extent that the taxpayer can demonstrate that the property qualifies for abnormal obsolescence and can quantify the amount. This must be done through a presentation of the facts, circumstances, and methodology used in calculating the amount of the abnormal obsolescence.

(b) The adjustment for abnormal obsolescence must be computed in accordance with this article for each respective item of personal property or portion of a production process.

(c) When the reporting requirements for an adjustment for abnormal obsolescence have been met (full disclosure), but the adjustment is not allowed or the amount of adjustment is changed, the amount not allowed is not subject to the undervaluation penalty set forth in this article. *(State Board of Tax Commissioners; 50 IAC 4.3-9-4)*

50 IAC 4.3-9-5 Limitation

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 5. The availability of abnormal obsolescence is limited to that which is not already reflected on the books and records of the taxpayer. *(State Board of Tax Commissioners; 50 IAC 4.3-9-5)*

50 IAC 4.3-9-6 Reporting of abnormal obsolescence

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 6. The taxpayer may claim an adjustment for abnormal obsolescence on the appropriate forms prescribed in this article when filing the tax return for the year in question. The adjustment, if requested, must specifically:

- (1)** identify all property for which an adjustment is requested;
- (2)** indicate the original cost of the property;
- (3)** indicate the true tax value of the property as if no adjustment would be allowed;
- (4)** indicate the true tax value of the property as a result of the requested adjustment; and
- (5)** provide sufficient detail in order to effectively qualify and quantify the claim.

(State Board of Tax Commissioners; 50 IAC 4.3-9-6)

Rule 10. Interstate Carriers

50 IAC 4.3-10-1 Valuation of carriers' property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11

Sec. 1. Commercial airlines and buslines are required to compute the true tax value of their fleets in accordance with the provisions of 50 IAC 4.3-4. However, if such property is leased, the true tax value is required to be computed in accordance with 50 IAC 4.3-8. The computed true tax value is further subject to allocation as provided in this rule. In either case, the taxpayer shall report the true tax value on the appropriate forms discussed in 50 IAC 4.3-2. (*State Board of Tax Commissioners; 50 IAC 4.3-10-1*)

50 IAC 4.3-10-2 Commercial airlines; allocation and true tax value

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31; IC 6-6-6.5

Sec. 2. (a) As used in this rule, “commercial airline” means an airline with regularly scheduled flights and routes authorized and approved by the federal aviation administration.

(b) The fleet of the commercial airline is aircraft that the taxpayer owns, holds, possesses, or controls that is used and operated in interstate commerce.

(c) Commercial airlines are required to report the total value and type of aircraft operating in this state.

(d) An allocation must be made for each type of aircraft operated. The allocation factor for each type of aircraft is computed by dividing the total ground time in the taxing district of each type of aircraft for the preceding twelve (12) months by the total ground time of each type of aircraft operated for the same period.

(e) The true tax value of each type of aircraft is determined by multiplying the percentages as computed in subsection (d) times the tentative true tax value of each type of aircraft computed in accordance with section 1 of this rule. (*State Board of Tax Commissioners; 50 IAC 4.3-10-2*)

50 IAC 4.3-10-3 Commercial busline; allocation and true tax value

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-31

Sec. 3. (a) As used in this rule, “commercial busline” means a company for hire that is principally engaged in the business of transporting persons by bus, and exclusively operates charter buses, which do not have scheduled routes.

(b) The fleet of the commercial busline includes the buses the taxpayer owns, holds, possesses, or controls that are used and operated in interstate commerce.

(c) Personal property required to be reported under this rule. The fleet of the commercial busline is required to be valued pursuant to section 1 of this rule.

(d) An allocation must be made for the fleet of buses operated. The allocation factor for the fleet is computed by dividing the total Indiana miles of the fleet for the preceding twelve (12) months by the total miles of the fleet for the same period.

(e) As an alternative to maintaining a mileage log of all trips, individual lessors, who do not maintain adequate records to compute their allocation factor, may use the same allocation factor as their lessee provided that the lessor's property is predominantly leased to that lessee. The lessor must meet the predominant use requirement in order to use the lessee's allocation factor. If the lessor does not meet the predominant use requirement, the lessor must use the actual allocation factor as determined in subsection (d). As used in this section, "predominant use" means:

- (1) during the course of the year, more than fifty percent (50%) of the total mileage logged by the lessor's buses is logged by buses under lease to that lessee; or
- (2) during the course of the year, the leased property is leased to that lessee for more than one-half ($\frac{1}{2}$) the number of days in that year.

(f) The total true tax value of the fleet subject to assessment under this section is determined by multiplying the true tax value as determined in section 1 of this rule, by the allocation factor determined in subsection (d) or (e). (*State Board of Tax Commissioners; 50 IAC 4.3-10-3*)

50 IAC 4.3-10-4 Scope of rule

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 4. This section is applicable only to the aircraft of the commercial airlines and the buses of commercial buslines used and operated in interstate commerce. This section is not applicable to the other classes of personal property that the taxpayer may own, hold, possess, or control. The other classes of personal property must be reported and valued pursuant to the respective provisions of this article. (*State Board of Tax Commissioners; 50 IAC 4.3-10-4*)

Rule 11. Deductions and Exemptions for Tangible Personal Property Other than Inventory

50 IAC 4.3-11-1 Exemptions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10; IC 6-1.1-11; IC 6-1.1-31

Sec. 1. For information on exemptions see IC 6-1.1-10 and IC 6-1.1-11. *(State Board of Tax Commissioners; 50 IAC 4.3-11-1)*

50 IAC 4.3-11-2 Deductions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-1-12; IC 6-1.1-31; IC 6-1.1-40; IC 6-1.1-42

Sec. 2. For information on deductions see IC 6-1.1-12, IC 6-1.1-40, and IC 6-1.1-42. *(State Board of Tax Commissioners; 50 IAC 4.3-11-2)*

Rule 12. Deductions; Exemptions; Credits for Inventory

50 IAC 4.3-12-1 General inventory exemption provisions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10-40; IC 6-1.1-11-1; IC 6-1.1-12; IC 6-1.1-20.7; IC 6-1.1-20.8; IC 6-1.1-40; IC 26-1-1-201

Sec. 1. (a) In order for inventory to be exempt in Indiana, the property must first be reported and then claimed exempt annually on a timely filed business tangible personal property return. There are eight (8) sections within the statutes that contain the eligibility requirements for the exemption of goods considered to be in interstate commerce. These are summarized in the following table:

IC Site	Owned by	Origin of Goods	Stored in Warehouse	Additional Specific Requirements
IC 6-1.1-10-29(b)	Manufacturer or processor ***	In-state	Public or private	1. See specific explanation of manufacturer or processor; 2. Stored and remains in original package without further processing; or 3. Consists of books or other printed material stored at in state commercial printers facility without further processing.
IC 6-1.1-10-29(b)	Manufacturer or processor ***	In-state	Public or private	1. Need not be stored in original package provided no additional manufacturing or processing except for packaging; and 2. Either, the property will be damaged or have its value impaired if it is stored in its original package; or the final packaging of finished inventory items is not practical until receipt of final customer order because fulfillment or the order requires accumulation of a number of distinct finished inventory items into a single shipping order.
IC 6-1.1-10-29.3	Resident or nonresident	Out-of-state	Public or private	Owner of possessor is able to show by adequate records that the: 1. Goods are stored in an in-state warehouse for the purpose of trans-shipment to an out- of-state destination; and 2. The goods are ready for transshipment without additional manufacturing or processing, except repackaging.
IC 6-1.1-10-30(a)	Nonresident	Out-of-state	Public or private	The owner is able to show by adequate records that the property has been shipped into this state and placed in its original package for transshipment to an out-of-state destination. The property remains in its original package.
IC 6-1.1-10-30(b)	Resident or nonresident	In-state or out-of-state	Public or private	Property had been ordered prior to assessment date and is ready for shipment to a specific known out-of-state destination and is subsequently shipped. If property claimed exempt is not shipped to the specific known destination, the taxpayer shall file an amended personal property return for the year the exemption was claimed. Property is stored and remains in its original package.

IC 6-1.1-10-30(c)	Resident or nonresident	In-state	Public (only)	Property was shipped and remains in its original package in a public warehouse. Property was shipped to the warehouse by either a common, contract or private carrier. Property being held for transshipment to out-of-state destination and labeled to show that purpose. Owner must be able to show by adequate records that the property meets the above criteria. Also, taxpayer who possesses the personal property of others may claim an exemption provided the taxpayer has reported the property and the taxpayer can show the owner would have qualified for the exemption.
IC 6-1.1-10-30.5	Resident or nonresident	Out-of-state	Foreign trade zone	Personal property is exempt provided the property is held, on the assessment date, in a foreign trade zone established under 19 U.S.C. 81; and the property was either imported into the foreign trade zone from a foreign country or was placed in the foreign trade zone exclusively for export to a foreign country.
IC 6-1.1-10-40	Resident or nonresident	In-state or out-of-state	Facility approved by contract Market and Commodity Exchange Act	All the requirements for this exemption explained in IC 6-1.1-10-40.

***The manufacturer or processor that possesses personal property owned by another person may claim the exemption if:

- (1) The manufacturer or processor includes the property on the manufacturer's or processor's personal property return; and
- (2) The manufacturer or processor is able to show that the owner of the personal property would otherwise have qualified for an exemption under this section.

In addition to these interstate exemptions, several other exemptions, deductions, and credits are described in IC 6-1.1-10, IC 6-1.1-11, IC 6-1.1-12, IC 6-1.1-20.7, IC 6-1.1-20.8, and IC 6-1.1-40.

(b) Form 103-W has been prescribed by the state board as the form on which to claim an interstate or foreign trade zone inventory exemption. Form EZ1 has been prescribed as the form on which to claim an enterprise zone inventory credit, Form IR-1 for claiming an industrial recovery site inventory credit, and Form MOD-1 for claiming a maritime opportunity district inventory deduction.

(c) These exemptions, deductions, and credits will be permitted to taxpayers who timely file and show the amount of their claim for exemption on the proper line of the prescribed return forms, provided the taxpayer is able to document all of the evidence required, when required to do so by any assessing official or the state board.

(d) An exemption is a privilege which may be waived by a person who owns tangible property that would qualify for the exemption. If the owner does not comply with the statutory procedures for obtaining an exemption, the owner waives the exemption. If the exemption is waived, the property is subject to taxation (IC 6-1.1-11-1). (*State Board of Tax Commissioners; 50 IAC 4.3-12-1*)

50 IAC 4.3-12-2 Definitions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10; IC 6-1.1-11-1; IC 26-1-1-201

Sec. 2. The following definitions apply throughout this rule:

(1) “Adequate records” means the following:

(A) As used in IC 6-1.1-10-29, IC 6-1.1-10-29.3, IC 6-1.1-10-30(a), and IC 6-1.1-10-30(c), includes:

(i) a designation on:

(AA) a bill of lading;

(BB) a freight bill;

(CC) a delivery receipt;

(DD) a manifest;

(EE) a packing slip; or

(FF) an equivalent document; or

(ii) a final entry;

in the records of the taxpayer indicating that property is held for shipment to an out-of-state destination. Such a designation for out-of-state shipment is sufficient for purposes of IC 6-1.1-10-29, IC 6-1.1-10-29.3, IC 6-1.1-10-30(a), and IC 6-1.1-10-30(c), even though the specific out-of-state destination of the property is not included in the designation and even though the destination of the property is unknown on the assessment date.

(B) For the purpose of substantiating the amount of personal property that is exempt from property taxation under IC 6-1.1-10-29, IC 6-1.1-10-29.3, IC 6-1.1-10-30(a), and IC 6-1.1-10-30(c), a taxpayer shall maintain records that reflect the specific type and amount of personal property claimed to be exempt so that the taxpayer’s taxable personal property may be distinguished from its exempt personal property. In lieu of specific identification, the taxpayer may elect to establish the value of their exempt personal property by utilizing an allocation method whereby the exempt personal property is determined by dividing:

(i) the value of the taxpayer’s property shipped from the in-state warehouse to out-of-state destinations during the twelve (12) month period ending with the assessment date; by

(ii) the total value of all shipments of the taxpayer’s property from the in-state warehouse during the same period of time, and applying this ratio to the taxpayer’s total inventory of personal property that has been placed in the in-state warehouse, that is in the in-state warehouse as of the assessment date, and that meets the other requirements for an exemption under IC 6-1.1-10-29, IC 6-1.1-10-29.3, IC 6-1.1-10-30(a), or IC 6-1.1-10-30(c).

(C) If the taxpayer uses the allocation method, the taxpayer shall keep records which adequately establish the validity of the allocation.

(D) If the taxpayer elects to keep a specific inventory, the taxpayer shall maintain additional records that reflect:

(i) an accurate inventory of all personal property stored in an in-state warehouse, i.e., both inventory destined for points outside the state and inventory destined for points within the state;

(ii) the date of deposit of the inventory in the in-state warehouse;

(iii) the date of withdrawal of the inventory from the in-state warehouse; and

(iv) the point of ultimate destination of the shipments, if known.

For the purpose of this subdivision, “warehouse” means an area, enclosure, building, or public or private structure maintained for the storage of inventory or other tangible personal property. This includes a commercial printer’s facility.

(2) “Average inventory–inventory exemption” means if a taxpayer elects to report the calendar year average inventory and claim an interstate commerce exemption, the exemption must be computed for each month under the same subsection. The allowable exemption claim would then be the average of the amounts that would qualify at the end of each month.

(3) “Bill of lading” means a document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods, and includes an air bill as defined in IC 26-1-1-201(6).

(4) “Manufacturer or processor” has the meaning as set forth in IC 6-1.1-10-29.

(5) “Nonresident” means a taxpayer who places property in the original package and into the stream of commerce from outside of Indiana. This relates to the location the property is placed into commerce and not to whether the company is based outside of Indiana. For example, if the goods are being shipped into Indiana from out-of-state, then the person would be considered a nonresident.

(6) “Original package” means the box, case, bale, skid, bundle, parcel, or aggregation thereof bound together and used by the seller, manufacturer, or packer for shipment.

(7) “Resident” means the opposite of a nonresident. If the goods are placed into the stream of commerce from within Indiana, the person would be considered a resident.

(State Board of Tax Commissioners; 50 IAC 4.3-12-2)

50 IAC 4.3-12-3 Government-owned inventory

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10; IC 6-1.1-11-1; IC 26-1-1-201

Sec. 3. (a) Inventory that will qualify for exemption as government-owned property includes the following:

(1) Finished goods and work-in-process, title to which is held by the government, pursuant to the applicable contract or subcontract.

(2) Materials and supplies furnished by the government for use in performing the contract or subcontract.

(3) Raw materials and supplies allocated to a government contract or subcontract that vests title to the government.

(b) If the inventory is allocated to government contracts, the allocation must be substantiated by:

(1) purchase documents that assign the property to the government contract;

(2) transfer of the property from common or general stores to the specific contract by requisition, work order, or other accounting document; or

(3) any other method that indicates clearly and factually that the proper allocation to government contracts was made.

(c) In general, the following types of contracts and subcontracts have title clauses pursuant to which the government acquires ownership of inventory prior to acceptance of the finished goods:

(1) Fixed price type contracts or subcontracts with progress payments.

(2) Cost reimbursement type contracts or subcontracts.

(d) In any event, passage of title is governed by the terms of each individual contract.

(e) It is a requirement that the taxpayer first report all inventory (including government-owned) on the proper lines of the Form 103. The inventory deemed to qualify as government-owned is then exempted by filing the Form 103-W and reporting the total exempt inventory on the required line on Form 103. *(State Board of Tax Commissioners; 50 IAC 4.3-12-3)*

Rule 13. Principal Business Activity Codes

50 IAC 4.3-13-1 Principal business activities and associated codes

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 1. (a) This section establishes a list of the principal business activities and their associated codes. These six-digit codes are based upon the North American Industry Classification System (NAICS). Additional information about NAICS can be found at the following URL <http://www.census.gov/epcd/www/naics.html> or <http://www.naics.com/search.htm>.

(b) It is a requirement that each taxpayer determine the business activity and the associated six-digit activity code and enter it on the front page of the Form 102, Form 103 short form, and Form 103 long form in the box titled “principal business activity code”.

(c) Example of use, do the following:

(1) First, determine the category that best describes your primary business activity (for example, Retail Trade/Motor Vehicle and Parts Dealer).

(2) Next, determine the type of business (for example, New Car Dealer).

(3) The six-digit NAICS code is #441110.

(4) Enter this code on the appropriate form in the box titled “principal business activity code”.

(d) The following is the list of principal business activities and their associated codes:

Agriculture, Forestry, Fishing, and Hunting	
Crop Production	
111100	Oilseed & Grain Farming
111210	Vegetable & Melon Farming (including potatoes & yams)
111300	Fruit & Tree Nut Farming
111400	Greenhouse, Nursery, & Floriculture Production
111900	Other Crop Farming (including tobacco, cotton, sugarcane, hay, peanut, sugar beet & all other crop farming)
Animal Production	
112111	Beef Cattle Ranching & Farming
112112	Cattle Feedlots
112120	Dairy Cattle & Milk Production
112210	Hog & Pig Farming
112300	Poultry & Egg Production
112400	Sheep & Goat Farming
112510	Animal Aquaculture (including shellfish & finfish farms & hatcheries)
112900	Other Animal Production
Forestry and Logging	
113110	Timber Tract Operations
113210	Forest Nurseries & Gathering of Forest Products
113310	Logging
Fishing, Hunting, and Trapping	

114110	Fishing
114210	Hunting & Trapping
Support Activities for Agriculture and Forestry	
115110	Support Activities for Crop Production (including cotton ginning, soil preparation, planting, & cultivating)
115210	Support Activities for Animal Production
115310	Support Activities for Forestry
Mining	
211110	Oil & Gas Extraction
212110	Coal Mining
212200	Metal Ore Mining
212310	Stone Mining & Quarrying
212320	Sand, Gravel, Clay, & Ceramic & Refractory Minerals Mining & Quarrying
212390	Other Nonmetallic Mineral Mining & Quarrying
213110	Support Activities for Mining
Utilities	
221100	Electric Power Generation, Transmission & Distribution
221210	Natural Gas Distribution
221300	Water, Sewage, & Other Systems
Construction	
Building, Developing, and General Contracting	
233110	Land Subdivision & Land Development
233200	Residential Building Construction
233300	Nonresidential Building Construction
Heavy Construction	
234100	Highway, Street, Bridge, & Tunnel Construction
234900	Other Heavy Construction
Special Trade Contractors	
235110	Plumbing, Heating, & Air-Conditioning Contractors
235210	Painting & Wall Covering Contractors
235310	Electrical Contractors
235400	Masonry, Drywall, Insulation, & Tile Contractors
235500	Carpentry & Floor Contractors
235710	Concrete Contractors
235810	Water Well Drilling Contractors
235900	Other Special Trade Contractors
Manufacturing	
Food Manufacturing	

311110	Animal Food Mfg
311200	Grain & Oilseed Milling
311300	Sugar & Confectionery Product Mfg
311400	Fruit & Vegetable Preserving & Specialty Food Mfg
311500	Dairy Product Mfg
311610	Animal Slaughtering and Processing
311710	Seafood Product Preparation & Packaging
311800	Bakeries & Tortilla Mfg
311900	Other Food Mfg (including coffee, tea, flavorings, & seasonings)
Beverage and Tobacco Product Manufacturing	
312110	Soft Drink & Ice Mfg
312120	Breweries
312130	Wineries
312140	Distilleries
312200	Tobacco Manufacturing
Textile Mills and Textile Product Mills	
313000	Textile Mills
314000	Textile Product Mills
Apparel Manufacturing	
315100	Apparel Knitting Mills
315210	Cut & Sew Apparel Contractors
315220	Men's & Boys' Cut & Sew Apparel Mfg
315230	Women's & Girls' Cut & Sew Apparel Mfg
315290	Other Cut & Sew Apparel Mfg
315990	Apparel Accessories & Other Apparel Mfg
Leather and Allied Product Manufacturing	
316110	Leather & Hide Tanning & Finishing
316210	Footwear Mfg (including rubber & plastics)
316990	Other Leather & Allied Product Mfg
Wood Product Manufacturing	
321110	Sawmills & Wood Preservation
321210	Veneer, Plywood, & Engineered Wood Product Mfg
321900	Other Wood Product Mfg
Paper Manufacturing	
322100	Pulp, Paper, & Paperboard Mills
322200	Converted Paper Product Mfg
Printing and Related Support Activities	
323100	Printing & Related Support Activities
Petroleum and Coal Products Manufacturing	
324110	Petroleum Refineries (including integrated)
324120	Asphalt Paving, Roofing, & Saturated Materials Mfg

324190	Other Petroleum & Coal Products Mfg
Chemical Manufacturing	
325100	Basic Chemical Mfg
325200	Resin, Synthetic Rubber, & Artificial & Synthetic Fibers & Filaments Mfg
325300	Pesticide, Fertilizer, & Other Agriculture Chemical Mfg
325410	Pharmaceutical & Medicine Mfg
325500	Paint, Coating, & Adhesive Mfg
325600	Soap, Cleaning, Compound, & Toilet Preparation Mfg
325900	Other Chemical Product & Preparation Mfg
Plastics and Rubber Products Manufacturing	
326100	Plastics Product Mfg
326200	Rubber Product Mfg
Nonmetallic Mineral Product Manufacturing	
327100	Clay Product & Refractory Mfg
327210	Glass & Glass Product Mfg
327300	Cement & Concrete Product Mfg
327400	Lime & Gypsum Product Mfg
327900	Other Nonmetallic Mineral Product Mfg
Primary Metal Manufacturing	
331110	Iron & Steel Mills & Ferroalloy Mfg
331200	Steel Product Mfg from Purchased Steel
331310	Alumina & Aluminum Production & Processing
331400	Nonferrous Metal (except Aluminum) Production & Processing
331500	Foundries
Fabricated Metal Product Manufacturing	
332110	Forging & Stamping
332210	Cutlery & Handtool Mfg
332300	Architectural & Structural Metals Mfg
332400	Boiler, Tank, & Shipping Container Mfg
332510	Hardware Mfg
332610	Spring & Wire Product Mfg
332700	Machine Shops: Turned Product: & Screw, Nut, & Bolt Mfg
332810	Coating, Engraving, Heat Treating, & Allied Activities
332900	Other Fabricated Metal Product Mfg
Machinery Manufacturing	
333100	Agriculture, Construction, & Mining Machinery Mfg
333200	Industrial Machinery Mfg

333310	Commercial & Service Industry Machinery Mfg
333410	Ventilation, Heating, Air-Conditioning, & Commercial Refrigeration Equipment Mfg
333510	Metalworking Machinery Mfg
333610	Engine, Turbine, & Power Transmission Equipment Mfg
333900	Other General Purpose Machinery Mfg
Computer and Electronic Product Manufacturing	
334110	Computer & Peripheral Equipment Mfg
334200	Communications Equipment Mfg
334310	Audio & Video Equipment Mfg
334410	Semiconductor & Other Electronical Component Mfg
334500	Navigational, Measuring, Electromedical, & Control Instruments Mfg
334610	Manufacturing & Reproducing
	Magnetic & Optical Media
Electrical Equipment, Appliance, and Component Manufacturing	
335100	Electric Lighting Equipment Mfg
335200	Household Appliance Mfg
335310	Electrical Equipment Mfg
335900	Other Electrical Equipment & Component Mfg
Transportation Equipment Manufacturing	
336100	Motor Vehicle Mfg
336210	Motor Vehicle Body & Trailer Mfg
336300	Motor Vehicle Parts Mfg
336410	Aerospace Product & Parts Mfg
336510	Railroad Rolling Stock Mfg
336610	Ship & Boat Building
336990	Other Transportation Equipment Mfg
Furniture and Related Product Manufacturing	
337100	Furniture & Related Product Mfg
Miscellaneous Manufacturing	
339110	Medical Equipment & Supplies Manufacturing
339900	Other Miscellaneous Mfg
Wholesale Trade	
Wholesale Trade, Durable Goods	
421100	Motor Vehicle & Motor Vehicle Parts & Supplies Wholesalers
421200	Furniture & Home Furnishing Wholesalers
421300	Lumber & Other Construction Materials Wholesalers
421400	Professional & Commercial Equipment & Supplies Wholesalers

421500	Metal & Mineral (except Petroleum) Wholesalers
421600	Electrical Goods Wholesalers
421700	Hardware, & Plumbing & Heating Equipment & Supplies Wholesalers
421800	Machinery, Equipment, & Supplies Wholesalers
421910	Sporting & Recreational Goods & Supplies Wholesalers
421920	Toy & Hobby Goods & Supplies Wholesalers
421930	Recyclable Material Wholesalers
421940	Jewelry, Watch, Precious Stone, & Precious Metal Wholesalers
421990	Other Miscellaneous Durable Goods Wholesalers
Wholesale Trade, Nondurable Goods	
422100	Paper & Paper Product Wholesalers
422210	Drugs & Druggists' Sundries Wholesalers
422300	Apparel, Piece Goods, & Notions Wholesalers
422400	Grocery & Related Product Wholesalers
422500	Farm Product Raw Material Wholesalers
422600	Chemical & Allied Products Wholesalers
422700	Petroleum & Petroleum Products Wholesalers
422800	Beer, Wine, & Distilled Alcoholic Beverage Wholesalers
422910	Farm Supplies Wholesalers
422920	Book, Periodical, & Newspaper Wholesalers
422930	Flower, Nursery Stock, & Florists' Supplies Wholesalers
422940	Tobacco & Tobacco Product Wholesalers
422950	Paint, Varnish, & Supplies Wholesalers
422990	Other Miscellaneous Nondurable Goods Wholesalers
Retail Trade	
Motor Vehicle and Parts Dealers	
441110	New Car Dealers
441120	Used Car Dealers
Motor Vehicle and Parts Dealers	
441210	Recreational Vehicle Dealers
441221	Motorcycle Dealers
441222	Boat Dealers
441229	All Other Motor Vehicle Dealers
441300	Automotive Parts, Accessories, & Tire Stores
Furniture and Home Furnishings Stores	
442110	Furniture Stores
442210	Floor Covering Stores

442291	Window Treatment Stores
442299	All Other Home Furnishings
Electronics and Appliance Stores	
443111	Household Appliance Stores
443112	Radio, Television, & Other Electronics Stores
443120	Computer & Software Stores
443130	Camera & Photographic Supplies Stores
Building Material and Garden Equipment and Supplies Dealers	
444110	Home Centers
444120	Paint & Wallpaper Stores
444130	Hardware Stores
444190	Other Building Material Dealers
444200	Lawn & Garden Equipment & Supplies Stores
Food and Beverage Stores	
445110	Supermarkets and Other Grocery (except Convenience) Stores
445120	Convenience Stores
445210	Meat Markets
445220	Fish & Seafood Markets
445230	Fruit & Vegetable Markets
445291	Baked Goods Stores
445292	Confectionery & Nut Stores
445299	All Other Specialty Food Stores
445310	Beer, Wine, & Liquor Stores
Health and Personal Care Stores	
446110	Pharmacies & Drug Stores
446120	Cosmetics, Beauty Supplies & Perfume Stores
446130	Optical Goods Stores
446190	Other Health & Personal Care Stores
Gasoline Stations	
447100	Gasoline Stations (including Convenience Stores with gas)
Clothing and Clothing Accessories Stores	
448110	Men's Clothing Stores
448120	Women's Clothing Stores
448130	Children's & Infants' Clothing Stores
448140	Family Clothing Stores
448150	Clothing Accessories Stores
448190	Other Clothing Stores
448210	Shoe Stores
448310	Jewelry Stores
448320	Luggage & Leather Goods Stores
Sporting Goods, Hobby, Book, and Music Stores	

451110	Sporting Goods Stores
451120	Hobby, Toy, & Game Stores
451130	Sewing, Needlework, & Piece Goods Stores
451140	Musical Instrument & Supplies Stores
451211	Book Stores
451212	News Dealers & Newsstands
451220	Prerecorded Tape, Compact Disc, & Record Stores
General Merchandise Stores	
452110	Department Stores
452900	Other General Merchandise Stores
Miscellaneous Store Retailers	
453110	Florists
453210	Office Supplies & Stationery Stores
453220	Gift, Novelty, & Souvenir Stores
453310	Used Merchandise Stores
453910	Pet & Pet Supplies Stores
453920	Art Dealers
453930	Manufactured (Mobile) Home Dealers
453990	All Other Miscellaneous Store Retailers (including tobacco, candle, & trophy shops)
Nonstore Retailers	
454110	Electronic Shopping & Mail-Order Houses
454210	Vending Machine Operators
454311	Heating Oil Dealers
454312	Liquefied Petroleum Gas (Bottled Gas) Dealers
454319	Other Fuel Dealers
454390	Other Direct Selling Establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers)
Transportation and Warehousing	
Air, Rail, and Water Transportation	
481000	Air Transportation
482110	Rail Transportation
483000	Water Transportation
Truck Transportation	
484110	General Freight Trucking, Local
484120	General Freight Trucking, Long-distance
484200	Specialized Freight Trucking
Transit and Ground Passenger Transportation	
485110	Urban Transit Systems
485210	Interurban & Rural Bus Transportation
485310	Taxi Service
485320	Limousine Service

485410	School & Employee Bus Transportation
485510	Charter Bus Industry
485990	Other Transit & Ground Passenger Transportation
Pipeline Transportation	
486000	Pipeline Transportation
Scenic & Sightseeing Transportation	
487000	Scenic & Sightseeing Transportation
Support Activities for Transportation	
488100	Support Activities for Air Transportation
488210	Support Activities for Rail Transportation
488300	Support Activities for Water Transportation
488410	Motor Vehicle Towing
488490	Other Support Activities for Road Transportation
488510	Freight Transportation Arrangement
488990	Other Support Activities for Transportation
Couriers and Messengers	
492110	Couriers
492210	Local Messengers & Local Delivery
Warehousing and Storage	
493100	Warehousing & Storage (except lessors of miniwarehouses and self-storage units)
Information	
Publishing Industries	
511110	Newspaper Publishers
511120	Periodical Publishers
511130	Book Publishers
511140	Database & Directory Publishers
511190	Other Publishers
511210	Software Publishers
Motion Picture and Sound Recording Industries	
512100	Motion Picture & Video Industries (except video rental)
512200	Sound Recording Industries
Broadcasting and Telecommunications	
513100	Radio & Television Broadcasting
513200	Cable Networks & Program Distribution
513300	Telecommunications (including paging, cellular, satellite, & other telecommunications)
Information Services and Data Processing Services	
514100	Information Services (including news syndicates, libraries, & on-line information services)
514210	Data Processing Services

Finance and Insurance	
Depository Credit Intermediation	
522110	Commercial Banking
522120	Savings Institutions
522130	Credit Unions
522190	Other Depository Credit Intermediation
Nondepository Credit Intermediation	
522210	Credit Card Issuing
522220	Sales Financing
522291	Consumer Lending
522292	Real Estate Credit (including mortgage bankers & originators)
522293	International Trade Financing
522294	Secondary Market Financing
522298	All Other Nondepository Credit Intermediation
Activities Related to Credit Intermediation	
522300	Activities Related to Credit Intermediation (including loan brokers)
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	
523110	Investment Banking & Securities Dealing
523120	Securities Brokerage
523130	Commodity Contracts Dealing
523140	Commodity Contracts Brokerage
523210	Securities & Commodity Exchanges
523900	Other Financial Investment Activities (including portfolio management & investment advice)
Insurance Carriers and Related Activities	
524140	Direct Life, Health, & Medical Insurance & Reinsurance Carriers
524150	Direct Insurance & Reinsurance (except Life, Health & Medical) Carriers
524210	Insurance Agencies & Brokerage
524290	Other Insurance Related Activities
Funds, Trusts, and Other Financial Vehicles	
525100	Insurance & Employee Benefit Funds
525910	Open-End Investment Funds (Form 1120-RIC)
525920	Trusts, Estates, & Agency Accounts
525930	Real Estate Investment Trusts (Form 1120-REIT)
525990	Other Financial Vehicles
Real Estate and Rental and Leasing	
Real Estate	
531110	Lessors of Residential Buildings & Dwellings

531120	Lessors of Nonresidential Building (except Miniwarehouses)
531130	Lessors of Miniwarehouses & Self-Storage Units
531190	Lessors of Other Real Estate Property
531210	Offices of Real Estate Agents/Brokers
531310	Real Estate Property Managers
531320	Offices of Real Estate Appraisers
531390	Other Activities Related to Real Estate
Rental and Leasing Services	
532100	Automotive Equipment Rental & Leasing
532210	Consumer Electronics & Appliances Rental
532220	Formal Wear & Costume Rental
532230	Video Tape & Disc Rental
532290	Other Consumer Goods Rental
532310	General Rental Centers
532400	Commercial & Industrial Machinery & Equipment Rental & Leasing
Lessors of Nonfinancial Intangible Assets (except copyrighted works)	
533110	Lessors of Nonfinancial Intangible Assets (except copyrighted works)
Professional, Scientific, and Technical Services	
Legal Services	
541110	Offices of Lawyers
541190	Other Legal Services
Accounting, Tax Preparation, Bookkeeping, and Payroll Services	
541211	Offices of Certified Public Accountants
541213	Tax Preparation Services
541214	Payroll Services
541219	Other Accounting Services
Architectural, Engineering, and Related Services	
541310	Architectural Services
541320	Landscape Architecture Services
541330	Engineering Services
541340	Drafting Services
541350	Building Inspection Services
541360	Geophysical Surveying & Mapping Services
541370	Surveying & Mapping (except Geophysical) Services
541380	Testing Laboratories
Specialized Design Services	
541400	Specialized Design Services (including interior, industrial, graphic, & fashion design)

Computer Systems Design and Related Services	
541511	Custom Computer Programming Services
541512	Computer Systems Design Services
541513	Computer Facilities Management Services
541519	Other Computer Related Services
Other Professional, Scientific, and Technical Services	
541600	Management, Scientific, & Technical Consulting Services
541700	Scientific Research & Development Services
541800	Advertising & Related Services
541910	Marketing Res. & Pub Opinion Polling
541920	Photographic Services
541930	Translation & Interpretation Services
541940	Veterinary Services
541990	All Other Professional, Scientific, & Technical Services
Management of Companies (Holding Companies)	
551111	Offices of Bank Holding Companies
551112	Offices of Other Holding Companies
Administrative and Support and Waste Management and Remediation Services	
Administrative and Support Services	
561110	Office Administrative Services
561210	Facilities Support Services
561300	Employment Services
561410	Document Preparation Services
561420	Telephone Call Centers
561430	Business Service Centers (including private mail centers & copy shops)
561440	Collection Agencies
561450	Credit Bureaus
561490	Other Business Support Services (including repossession services, court reporting, & stenotype services)
561500	Travel Arrangement & Reservation Services
561600	Investigation & Security Services
561710	Exterminating & Pest Control Services
561720	Janitorial Services
561730	Landscaping Services
561740	Carpet & Upholstery Cleaning Services
561790	Other Services to Buildings & Dwellings
561900	Other Support Services (including packaging & labeling services, & convention & trade show organizers)
Waste Management and Remediation Services	

562100	Waste Management & Remediation Services
Educational Services	
611000	Educational Services (including schools, colleges, & universities)
Health Care and Social Assistance	
Offices of Physicians and Dentists	
621110	Offices of Physicians (except mental health specialists)
621112	Offices of Physicians, Mental Health Specialists
621210	Offices of Dentists
Offices of Other Health Practitioners	
621310	Offices of Chiropractors
621320	Offices of Optometrists
621330	Offices of Mental Health Practitioners (except Physicians)
621340	Offices of Physical, Occupational & Speech Therapists, & Audiologists
621391	Offices of Podiatrists
621399	Offices of All Other Miscellaneous Health Practitioners
Outpatient Care Centers	
621410	Family Planning Centers
621420	Outpatient Mental Health & Substance Abuse Centers
621491	HMO Medical Centers
621492	Kidney Dialysis Centers
621493	Freestanding Ambulatory Surgical & Emergency Centers
621498	All Other Outpatient Care Centers
Medical and Diagnostic Laboratories	
621510	Medical & Diagnostic Laboratories
Home Health Care Services	
621610	Home Health Care Services
Other Ambulatory Health Care Services	
621900	Other Ambulatory Health Care Services (including ambulance services & blood & organ banks)
Hospitals	
622000	Hospitals
Nursing and Residential Care Facilities	
623000	Nursing & Residential Care Facilities
Social Assistance	
624100	Individual & Family Services
624200	Community Food & Housing, & Emergency & Other Relief Services
624310	Vocational Rehabilitation Services

624410	Child Day Care Services
Arts, Entertainment, and Recreation	
Performing Arts, Spectator Sports, and Related Industries	
711100	Performing Arts Companies
711210	Spectator Sports (including sports clubs & racetracks)
711300	Promoters of Performing Arts, Sports, & Similar Events
711410	Agents & Managers for Artists, Athletes, Entertainers, & Other Public Figures
711510	Independent Artists, Writers, & Performers
Museums, Historical Sites, and Similar Institutions	
712100	Museums, Historical Sites, & Similar Institutions
Amusement, Gambling, and Recreation Industries	
713100	Amusement Parks & Arcades
713200	Gambling Industries
713900	Other Amusement & Recreation Industries (including golf courses, skiing facilities, marinas, fitness centers, & bowling centers)
Accommodation and Food Services	
Accommodation	
721110	Hotels (except casino hotels) & Motels
721120	Casino Hotels
721191	Bed & Breakfast Inns
721199	All Other Traveler Accommodations
721210	RV (Recreational Vehicle) Parks & Recreational Camps
721310	Rooming & Boarding Houses
Food Services and Drinking Places	
722110	Full-Service Restaurants
722210	Limited-Service Eating Places
722300	Special Food Services (including food service contractors & caterers)
722410	Drinking Places (Alcoholic Beverages)
Other Services	
Repair and Maintenance	
811110	Automotive Mechanical & Electrical Repair & Maintenance
811120	Automotive Body, Paint, Interior, & Glass Repair
811190	Other Automotive Repair & Maintenance (including oil change & lubrication shops & car washes)
811210	Electronic & Precision Equipment Repair & Maintenance

811310	Commercial & Industrial Machinery & Equipment (except Automotive & Electronical) Repair & Maintenance
811410	Home & Garden Equipment & Appliance Repair & Maintenance
811420	Reupholstery & Furniture Repair
811430	Footwear & Leather Goods Repair
811490	Other Personal & Household Goods Repair & Maintenance
Personal and Laundry Services	
812111	Barber Shops
812112	Beauty Salons
812113	Nail Salons
812190	Other Personal Care Services (including diet & weight reducing centers)
812210	Funeral Homes & Funeral Services
812220	Cemeteries & Crematories
812310	Coin-Operated Laundries & Dry-Cleaners
812320	Dry-Cleaning & Laundry Services (except Coin-Operated)
812330	Linen & Uniform Supply
812910	Pet Care (except Veterinary) Services
812920	Photofinishing
812930	Parking Lots & Garages
812990	All Other Personal Services
Religious, Grantmaking, Civic, Professional, and Similar Organizations	
813000	Religious, Grantmaking, Civic, Professional, & Similar Organizations

(State Board of Tax Commissioners; 50 IAC 4.3-13-1)

Rule 14. Prescribed Methods of Valuation; Specific Types of Property

50 IAC 4.3-14-1 Assessment of nonmotorized boats, recreational vehicles, pickup truck campers, snowmobiles, off-road vehicles, self-propelled motor homes, nonfactory produced units (homemade)

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31; IC 8-2-261; IC 14-16-1-3

Sec. 1. (a) Pursuant to 50 IAC 4.3-7, this rule is promulgated to instruct assessing officials and affected taxpayers in the proper procedure for determining the true tax value of types of personal property not used in business and nondepreciable (not allowable) for federal income tax purposes.

(b) The types of property to be valued under this rule will usually be owned by an individual not engaged in business and are reportable on Form 101. The assessor is required to verify the true tax value of such property as reported by the taxpayer.

(c) A taxpayer may report applicable values established by such nationally recognized publications as the “Recreational Vehicle & Van Conversion Blue Book”, published by National Marketing Reports, for valuing these types of property. Applicable values consistent with, or supported by, the data reflected in the edition of such a nationally recognized publication, that is in effect on March 1 of the year in which the assessment is made, will be deemed appropriate.

(d) The “As is” value as listed in such a publication shall be the basis for valuations. If no “As is” value is listed, the retail or market value shall be used.

(e) In the event a particular make or model is not included in any such nationally recognized publication, or on a list of unit valuations issued by the state board, such personal property shall be valued at its true tax value. The true tax value shall be the cost less a reasonable allowance for depreciation.

(f) All units that are owned, held, possessed, or controlled by a manufacturer or dealer of the type of personal property described in this section, shall be valued as inventory pursuant 50 IAC 4.3-5.

(g) This section shall not be used for the valuation of units used in the ordinary operation of a trade or business. In such cases, units shall be valued under 50 IAC 4.3-4, and reported in the pools of Schedule A on Form 102 or Form 103.

(h) The only boats assessable on Form 101 are human powered boats. This includes rowboats, canoes, and other nonmotorized boats, excluding sailboats.

(i) Pertaining to the definitions set forth under IC 8-2-261 and IC 14-16-1-3, snowmobiles and off-road vehicles are subject to assessment as personal property on Form 101. The lack of a registration certificate does not render this type of personal property nonassessable. (*State Board of Tax Commissioners; 50 IAC 4.3-14-1*)

Rule 15. Severability

50 IAC 4.3-15-1 Severability

Authority: IC 6-1.1-31-1

Affected: IC 1-1-1-8

Sec. 1. If any part of this article, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other parts of this article or the application thereof which can be given effect without the invalid part, and to this end the provisions of this article are severable. (*State Board of Tax Commissioners; 50 IAC 4.3-15-1*)

SECTION 2. THE FOLLOWING ARE REPEALED: 50 IAC 4.2-1; 50 IAC 4.2-2; 50 IAC 4.2-3-1; 50 IAC 4.2-3-2; 50 IAC 4.2-3-3; 50 IAC 4.2-4; 50 IAC 4.2-5; 50 IAC 4.2-6; 50 IAC 4.2-8; 50 IAC 4.2-9; 50 IAC 4.2-10; 50 IAC 4.2-11; 50 IAC 4.2-12; 50 IAC 4.2-14; 50 IAC 4.2-15; 50 IAC 4.2-16.

SECTION 3. **SECTION 2 of this document takes effect March 1, 2002.**

Signature page for:

FINAL RULE
LSA Document #00-284(F)

The foregoing final rule was approved and adopted by a vote of 3-0 at a meeting of the State Board of Tax Commissioners convened at 2:00 p.m. on November 6, 2001.

STATE BOARD OF TAX COMMISSIONERS



Jon Laramore, Chairman

ATTEST:

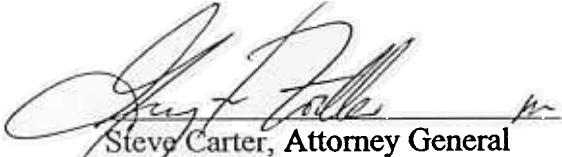


Bill Waltz, Executive Secretary

Nov. 6, 2001

Date

APPROVED AS TO LEGALITY:




Steve Carter, Attorney General

12-19-01

Date

APPROVED:




Frank O'Bannon, Governor

12/20/01

Date

FILED:



Sue Anne Gilroy, Secretary of State

12/26/01 2:52 PM JP

Date